



A Purposeful
Future

CONTROLLED ENTITIES

Annual Report 2020



UNIVERSITY
OF WOLLONGONG
AUSTRALIA

Financial Statements

UNIVERSITY OF WOLLONGONG'S CONTROLLED ENTITIES

The Financial Statements of the University of Wollongong's Controlled Entities are presented here to meet Section 7 (1)(a)(1a) of the *Annual Reports (Statutory Bodies) Act 1984* (NSW).

The 2020 University of Wollongong Annual Report is contained in a separate edition and can be viewed on the University's website at: uow.edu.au/about/annual-reports-and-financial-statements

For more comprehensive information on each of the Controlled Entities we encourage you to view their individual annual reports as prepared and presented to the University of Wollongong Council and New South Wales Parliament in June of each year.

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 - a. UOWGE Limited
 - b. UOWC Limited
 - c. UOWD Limited
 - d. UOWD FZ-LLC
 - e. UOW College Hong Kong Limited
 - f. CCCU Deed of Trust
 - g. UOWM Sdn Bhd
 - h. UOW Malaysia KDU University College Sdn Bhd
 - i. UOW Malaysia KDU Penang University College Sdn Bhd
 - j. UOW Malaysia KDU College Sdn Bhd
2. UOW Pulse Limited

UOW Enterprises Group of Companies

UOWGE Limited

UOWC Limited

UOWD Limited

UOWD FZ-LLC

UOW College Hong Kong Limited

CCCU Deed of Trust

UOWM Sdn Bhd

UOW Malaysia KDU University College Sdn Bhd

UOW Malaysia KDU Penang University College Sdn Bhd

UOW Malaysia KDU College Sdn Bhd

Financial Statements

For the Year Ended 31 December 2020

UOWGE Ltd and its controlled entities

ABN 73 628 635 067

Financial Statements

For the Year Ended 31 December 2020

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For the year ended 31 December 2020

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These financial statements are the consolidated financial statements of the consolidated entity consisting of UOWGE Ltd and its controlled entities. The financial statements are presented in Australian currency.

UOWGE Ltd is a public company limited by shares, incorporated in Australia. Its registered office and principle place of business is:

UOWGE Ltd
Building 39A
2 Northfields Avenue
University of Wollongong NSW 2522

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on page 2 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 18 March 2021. The directors have the power to amend and reissue the financial statements.

The directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of UOWGE Ltd and the entities it controlled at the end of, or during the year ended 31 December 2020.

General information Directors

The names of the directors of UOWGE Ltd (hereafter referred to as the 'Company') in office at any time during, or since the end of, the period are:

Names	Position
Mr Peter Robson AO	Chairman; Independent Director
Mr Gregory West	Deputy Chairman; Independent Director
Professor Paul Wellings CBE	Director
Mr Noel Cornish AM	Independent Director
Mr Robert Ryan	Independent Director
Ms Wendy Gan	Independent Director Appointed 15 September 2020
Mr Damien Israel	Director
Professor Joe Chicharo	Director
Professor Alex Frino	Director
Ms Marisa Mastroianni	Managing Director, Executive Director

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated. There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activities of the Group during the course of the period covered by these financial statements, were the provision of education services which enable it to add value to the strategic goals and objectives of the University of Wollongong.

UOWGE owns and operates the University of Wollongong in Dubai, UOW College Australia, UOW College Hong Kong and UOW Malaysia KDU. UOWGE is at the forefront of delivering quality higher and vocational education and training on an international scale with our institutions offering more than 200 programs including higher education, vocational training, English language and professional development programs to nearly 18,000 students annually.

Review of operations

The consolidated profit after income tax of the Group for the year amounted to \$7,730,000 (2019: \$32,466,000).

The operating profit after income tax of the Company for the year amounted to \$5,753,000 (2019: \$21,122,000).

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. These restrictions have impact enrolments in all countries the Group is operating in and has significantly reduced revenue of the Group in 2020.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. To offset the loss in revenue significant cost saving initiatives were put in place in all locations. The Group and Company also received government wage support in Australia, Malaysia and Hong Kong. The total support received is \$5,777,000 for the Group and \$500,000 for the Company. Due to conditions related to the support received additional costs were incurred of \$960,000 for the Group and \$23,000 for the Company.

During the year the Group completed the fit out of the new Campus in Dubai. All staff and students moved to the new Campus in July 2020.

As CityU requires UOW College Hong Kong to fully vacate from its premises by mid-2021, the Group has completed the acquisition of Levels 1 and 2 of Billionnaire Royale on 30 October 2020 and entered into lease agreement for Levels 1 and 2 of the adjacent Le Billionnaire. The new campus will be operational before the commencement of Semester A of 2021/22.

The development of a Tai Wai campus in Hong Kong is progressing well. The concept design has been finalised and interior design consultants have been appointed. At this stage, the Government Land Grant on the Tai Wai site does not yet involve any legal obligation on the Group until a Tenancy Agreement and a Service Agreement have been agreed and put in force.

Dividends

In respect of the year ended 31 December 2020, a dividend of \$4,000,000 (200,000,000 cents per share) partly franked at 58.3%, was paid to the holder of fully paid ordinary shares on 7 July 2020.

In respect of the year ended 31 December 2019, a dividend of \$9,000,000 (450,000,000 cents per share) partly franked at 25.9%, was paid to the holder of fully paid ordinary shares on 20 June 2019.

State of affairs

Apart from the matters referred to above, there was no other significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2020.

Environmental regulation

The Group adheres to environmental regulation and standards at each of its operating locations. The Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Events subsequent to reporting date

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Company Secretary

Mr Peter Janu

Mr Janu has been the Company Secretary since 6 December 2018. Mr Janu has a Bachelor of Economics and Bachelor of Laws degrees from the University of Sydney.

Mr Janu is the Company's Executive Director Commercial and Legal.

Information on directors

Mr Peter Robson AO

Period of Directorship

Qualifications

Special Responsibilities

Chairman; Independent Director

01/09/2018 - current

Master of Commerce (Honours), Bachelor of Chemical Engineering from the University of NSW, Doctor of Letters (honoris causa) from the University of Wollongong

Chair of the Board, Chair of the People and Remuneration Committee, Chair of the Board Nominations Committee, Chair of the UOWCHK Board of Governors

Mr Gregory West

Period of Directorship

Qualifications

Special Responsibilities

Deputy Chairman; Independent Director

06/09/2018 - current

Chartered Accountant

Chair of the Audit & Risk Committee, Member of the People and Remuneration Committee, Member of the UOWCHK Board of Governors, Chair of the UOWCHK Investment Advisory Committee

Information on directors (continued)

Professor Paul Wellings CBE	<i>Director</i>
<i>Period of Directorship</i>	06/09/2018 - current
<i>Qualifications</i>	Bachelor of Science (Honours) from the University of London, Master of Science from Durham University, Doctor of Philosophy from University of East Anglia, Honorary Doctor of Science from Lancaster University
<i>Special Responsibilities</i>	Member of the Board Nominations Committee, Member of the UOWCHK Board of Governors
Mr Noel Cornish AM	<i>Independent Director</i>
<i>Period of Directorship</i>	06/09/2018 - current
<i>Qualifications</i>	Bachelor of Science (Metallurgy) and Masters of Engineering Science from Newcastle University, studied at the University of Michigan Business School
<i>Special Responsibilities</i>	Member of Audit & Risk Committee, Member of the UOWCHK College Council, Chair of UOWGE Ltd, Chair of UOW Malaysia KDU University College Sdn Bhd, Chair of UOW Malaysia KDU Penang University College Sdn Bhd, Chair of UOW Malaysia KDU College Sdn Bhd
Mr Robert Ryan	<i>Independent Director</i>
<i>Period of Directorship</i>	06/09/2018 - current
<i>Qualifications</i>	Bachelor of Economics from University of Sydney and Masters of Commercial Law from Macquarie University
<i>Special Responsibilities</i>	Member of the People and Remuneration Committee, Member of the UOWC Hong Kong Board of Governors, Member of UOWC HK Investment Advisory Committee, Chair of UOWD Ltd, Chair of UOWD FZ-LLC, Chair of UOWD Ceremonial & Honorary Awards Committee
Ms Wendy Gan	<i>Independent Director</i>
<i>Period of Directorship</i>	15/09/2020 - current
<i>Qualifications</i>	Bachelor of Arts (First Class Honours) from University of Hong Kong, Executive MBA Programme at Kellogg School of Management, Northwestern University, USA and Hong Kong University of Science and Technology, Advanced Management Development Programme at Harvard Graduate School of Design, USA
<i>Special Responsibilities</i>	N/A
Mr Damien Israel	<i>Director</i>
<i>Period of Directorship</i>	06/09/2018 - current
<i>Qualifications</i>	Bachelor of Business and Master of Accounting from Charles Sturt University, Fellow Certified Practising Accountant
<i>Special Responsibilities</i>	Member of Audit & Risk Committee, Member of the UOWCHK College Council, Member of the UOWCHK Board of Governors, Chair of the UOWD Property Advisory Committee, Chair of the UOWC HK Property Advisory Committee, Chair of UOWC Ltd Board, Member of the UOWCHK Investment Advisory Committee, Director of UOWGE Ltd
Professor Joe Chicharo	<i>Director</i>
<i>Period of Directorship</i>	06/09/2018 - current
<i>Qualifications</i>	Bachelor of Engineering, Doctorate of Philosophy Electrical Engineering and Telecommunications from University of Wollongong
<i>Special Responsibilities</i>	Chair of UOWD Academic Board, Director of UOWGE Ltd, Chair of the UOWGE Board of Academic Governance
Professor Alex Frino	<i>Director</i>
<i>Period of Directorship</i>	06/09/2018 - current
<i>Qualifications</i>	Certified Practising Accountant and Chartered Accountant, Doctor of Philosophy, in Finance, University of Sydney, Master of Philosophy, in Finance, University of Cambridge, Master of Commerce (Honours), in Accounting and Bachelor of Commerce (with merit), in Accounting and Economics, University of Wollongong.
<i>Special Responsibilities</i>	Member of the UOWD Ceremonial and Honorary Awards Committee, Director of UOWC Ltd, Chair of the UOWCHK Board of Management, Director of UOWGE Ltd, Member of the UOWGE Board of Academic Governance

UOWGE Ltd
Directors' Report
For the year ended 31 December 2020

Information on directors (continued)

Ms Marisa Mastroianni

Period of Directorship

Qualifications

Special Responsibilities

Group Chief Executive Officer and Managing Director; Executive Director
 06/09/2018 - current

Fellow Certified Practising Accountant, Bachelor of Commerce, and Masters of Commerce from the University of Wollongong, Advanced Management Program Graduate of Harvard Business School, Fellow of the Institute for Managers and Leaders, Graduate of Australian Institute of Company Directors, Member of the Board Nominations Committee, Director of UOWD Ltd, Director of UOWD FZ-LLC, Member of the UOWCHK Board of Governors, Director of UOWC Ltd, Member of the UOWD Property Advisory Committee, Member of the UOWC HK Property Advisory Committee, Member of the UOWCHK Investment Advisory Committee, Member of UOWD Academic Board, Member of the UOWD Ceremonial and Honorary Awards Committee, Member of the UOWGE Board of Academic Governance, Director of UOWGE Ltd, Director of UOW Malaysia KDU University College Sdn Bhd, Director of UOW Malaysia KDU Penang University College Sdn Bhd, Director of UOW Malaysia KDU College Sdn Bhd

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the period are:

	Directors' Meetings		Audit & Risk Committee		People and Remuneration Committee		UOWGE Board of Academic Governance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter Robson AO	7	7	-	-	2	2	-	-
Mr Gregory West	7	7	5	5	2	2	-	-
Professor Paul Wellings CBE	7	6	-	-	-	-	-	-
Mr Noel Cornish AM	7	7	5	5	-	-	-	-
Mr Robert Ryan	7	7	-	-	2	2	-	-
Ms Wendy Gan	2	2	-	-	-	-	-	-
Mr Damien Israel	7	7	5	5	-	-	-	-
Professor Joe Chicharo	7	7	-	-	-	-	3	3
Professor Alex Frino	7	7	-	-	-	-	3	2
Ms Marisa Mastroianni	7	7	5	5	-	-	3	3

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Indemnification and insurance of directors and officer

The Company under its global insurance arrangements has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company has offered its Directors a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

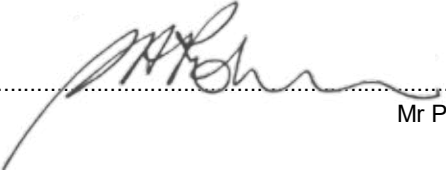
Auditor's independence declaration

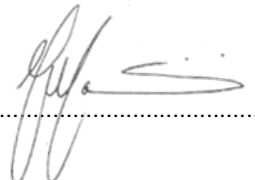
The auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on page 8 and forms part of the directors' report for the financial year ended 31 December 2020.

Rounding off

The Company has relied on the relief provided by ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial statement. Amounts in the financial statements have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Mr Peter Robson AO

Director: 
Ms M Mastroianni

Dated 18 March 2021
Wollongong

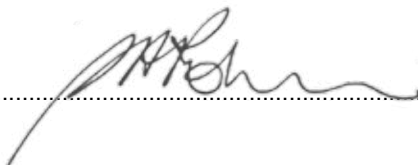
UOWGE Ltd
Certificate under the Public Finance and Audit Act 1983
For the year ended 31 December 2020

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWGE Ltd and its controlled entities as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director:



Mr Peter Robson AO

Director:



Ms M Mastroianni

Dated 18 March 2021

Wollongong



To the Directors

UOWGE Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOWGE Ltd and its controlled entities for the year ended 31 December 2020, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script, appearing to read "D. Ryan".

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

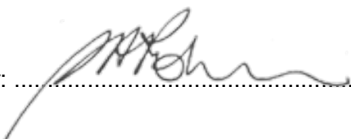
15 March 2021
SYDNEY

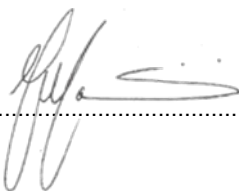
UOWGE Ltd
Directors' Declaration
For the year ended 31 December 2020

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWGE Ltd and its controlled entities as at the 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: 
Mr Peter Robson AO

Director: 
Ms M Mastroianni

Dated 18 March 2021 Wollongong



INDEPENDENT AUDITOR'S REPORT

UOWGE Ltd

To Members of the New South Wales Parliament and Members of UOWGE Ltd

Opinion

I have audited the accompanying financial statements of UOWGE Ltd (the Company), which comprise the Directors' Declaration of the Company and the consolidated entity, the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2020 and of their performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 15 March 2021, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company and the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

Start of Audited financial statements

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Revenue	2	140,747	137,893	-	-
Other income	3	20,616	31,384	13,928	30,677
		161,363	169,277	13,928	30,677
Employee related expenses		(76,064)	(67,156)	(4,783)	(5,073)
Depreciation and amortisation expenses	4	(25,765)	(13,166)	(169)	(118)
Administration and site expenses		(15,144)	(16,102)	(713)	(741)
Marketing expenses		(6,851)	(7,469)	(41)	(89)
Other expenses		(17,785)	(23,466)	(1,112)	(1,234)
Finance costs	4	(7,346)	(2,362)	(1,580)	(206)
Profit before income tax		12,408	39,556	5,530	23,216
Income tax (expense) / credit	5	(4,678)	(7,090)	223	(2,094)
Profit after income tax		7,730	32,466	5,753	21,122
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation	23	(24,121)	1,788	-	-
Items that will not be reclassified to profit or loss					
		-	-	-	-
Total other comprehensive income for the period, net of tax		(24,121)	1,788	-	-
Total comprehensive income for the period		(16,391)	34,254	5,753	21,122
Profit attributable to:					
Owners of UOWGE Ltd		7,817	31,622	5,753	21,122
Non-controlling interests		(87)	844	-	-
		7,730	32,466	5,753	21,122
Total comprehensive income attributable to:					
Owners of UOWGE Ltd		(15,950)	33,434	5,753	21,122
Non-controlling interest		(441)	820	-	-
		(16,391)	34,254	5,753	21,122

Statement of Financial Position
For the year ended 31 December 2020

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	84,910	114,826	16,623	20,840
Trade and other receivables	7	14,645	12,983	3,233	4,487
Current tax receivable	8	384	33	-	-
Other financial assets	10	16,939	109	-	-
TOTAL CURRENT ASSETS		116,878	127,951	19,856	25,327
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	28,500	7,500
Investment in subsidiaries	33	-	-	16,373	13,935
Other financial assets	10	116,827	205,764	-	-
Property, plant and equipment	11	123,361	21,946	445	559
Right of use assets	13	96,484	108,725	18	59
Intangible assets	12	11,905	14,279	-	-
Deferred tax assets	14	3,542	3,265	-	-
TOTAL NON-CURRENT ASSETS		352,119	353,979	45,336	22,053
TOTAL ASSETS		468,997	481,930	65,192	47,380
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	16,513	22,487	1,459	1,096
Provisions	16	9,678	10,784	843	624
Lease liabilities	13	16,612	9,996	20	41
Loans and borrowings	18	-	-	15,000	15,000
Current tax payable	8	2,923	641	2,923	641
Contract liabilities	17	15,092	17,130	-	-
TOTAL CURRENT LIABILITIES		60,818	61,038	20,245	17,402
NON-CURRENT LIABILITIES					
Loans and borrowings	18	28,955	13,955	28,955	13,955
Deferred tax liabilities	20	16,584	14,934	2,035	3,808
Other financial liabilities	32(a)	2,232	2,403	-	-
Lease liabilities	13	89,882	100,931	-	19
Provisions	21	1,960	2,028	82	74
TOTAL NON-CURRENT LIABILITIES		139,613	134,251	31,072	17,856
TOTAL LIABILITIES		200,431	195,289	51,317	35,258
NET ASSETS		268,566	286,641	13,875	12,122
EQUITY					
Issued capital	22	-	-	-	-
Reserves	23(a)	208,809	225,492	-	-
Retained earnings	23(b)	55,522	58,789	13,875	12,122
Non-controlling interest		4,235	2,360	-	-
TOTAL EQUITY		268,566	286,641	13,875	12,122

The accompanying notes form part of these financial statements

UOWGE Ltd
Statement of Cash Flows
For the year ended 31 December 2020

	Consolidated		Company	
	2020	2019	2020	2019
Note	\$000's	\$000's	\$000's	\$000's
Cash flow from operating activities				
Receipts from customers	143,581	149,018	8,242	6,476
Payments to suppliers and employees	(129,365)	(125,830)	(6,124)	(6,691)
Government grants	5,777	-	500	-
Interest paid	(3,039)	(2,061)	(1,580)	(206)
Income taxes paid	(1,697)	(343)	(779)	-
Net cash provided by / (used in) operating activities	15,257	20,784	259	(421)
Cash flow from investing activities				
Interest received	728	1,811	1,054	66
Dividends received	4,450	570	5,611	24,126
Purchase of property, plant and equipment	(119,699)	(9,697)	(14)	(62)
Purchase of intangible assets	(1,455)	(3,637)	-	-
Managed fund distributions	94,294	1,673	-	-
Managed fund reinvested	-	(1,673)	-	-
Increase in other investments	(2)	-	-	-
Acquisition of UOWM KDU entities (net of cash acquired)	-	(12,494)	-	-
Cash acquired on acquisition of UOWD Ltd	-	114,264	-	-
Government grants received for construction of PP&E	-	2,544	-	-
Loan to controlled entities	-	-	(19,650)	(8,850)
Capital injection in UOWM Sdn Bhd	-	-	(2,438)	(13,935)
Proceeds from disposal of property, plant and equipment	16	1	-	-
Net cash provided by / (used in) investing activities	(21,668)	93,362	(15,437)	1,345
Cash flow from financing activities				
Loan from controlling entity	15,000	13,955	15,000	13,955
Loan from controlled entity	-	-	-	15,000
Dividends paid to controlling entity	(4,000)	(9,000)	(4,000)	(9,000)
Contribution from minority shareholder	-	2,875	-	-
Principal portion of lease payments	(9,795)	(7,900)	(39)	(39)
Net cash provided by / (used in) financing activities	1,205	(70)	10,961	19,916
Effects of exchange rate changes on cash and cash equivalents held	(7,863)	750	-	-
Net (decrease) / increase in cash and cash equivalents	(13,069)	114,826	(4,217)	20,840
Cash and cash equivalents at start of the period	114,826	-	20,840	-
Cash and cash equivalents at end of the period	101,757	114,826	16,623	20,840

The accompanying notes form part of these financial statements

Statement of Changes in Equity
For the year ended 31 December 2020

		Consolidated								
		Issued Capital	Retained earnings	Foreign Currency Translation Reserve	UOWCHK Ltd Reserve	Trans- actions with NCI	Total: Owners of the Parent	Non-Controlling Interests	Total	
Note		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2020										
	Balance at 1 January	-	58,789	(1,112)	230,249	(3,645)	284,281	2,360	286,641	
	Profit for the period	-	7,817	-	-	-	7,817	(87)	7,730	
	Other comprehensive income	-	-	(23,767)	-	-	(23,767)	(354)	(24,121)	
32(a)	Finalisation of purchase price accounting	-	-	-	-	-	-	2,316	2,316	
	Transfer to UOWCHK Ltd reserve	-	(7,084)	20,220	(13,136)	-	-	-	-	
24	Dividends paid	-	(4,000)	-	-	-	(4,000)	-	(4,000)	
	Balance at 31 December	-	55,522	(4,659)	217,113	(3,645)	264,331	4,235	268,566	
2019										
	Balance at 1 January	-	-	-	-	-	-	-	-	
	Acquisition of UOWD Ltd	-	53,715	(559)	210,337	-	263,493	-	263,493	
	Profit for the period	-	31,622	-	-	-	31,622	844	32,466	
	Other comprehensive income	-	-	1,811	-	-	1,811	(23)	1,788	
32(a)	Non-controlling interest on acquisition	-	-	-	-	-	-	1,539	1,539	
	Transfer to UOWCHK Ltd reserve	-	(17,548)	(2,364)	19,912	-	-	-	-	
	trans actions between owners	-	-	-	-	(3,645)	(3,645)	-	(3,645)	
24	Dividends paid	-	(9,000)	-	-	-	(9,000)	-	(9,000)	
	Balance at 31 December	-	58,789	(1,112)	230,249	(3,645)	284,281	2,360	286,641	
Company										
		2020			2019					
Note		Issued Capital	Retained earnings	Total	Issued Capital	Retained earnings	Total			
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's			
	Balance at 1 January	-	12,122	12,122	Balance at 1 January	-	-	-	-	
	Profit for the period	-	5,753	5,753	Profit for the period	-	-	21,122	21,122	
24	Dividends paid	-	(4,000)	(4,000)	Dividends paid	-	-	(9,000)	(9,000)	
	Balance at 31 December	-	13,875	13,875	Balance at 31 December	-	-	12,122	12,122	

The accompanying notes form part of these financial statements

The financial report includes the consolidated financial statements and notes of UOWGE Ltd and controlled entities (the Group) and the separate financial statements and notes of UOWGE Ltd as an individual entity (Company).

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared on an accrual basis in accordance with the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Group's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Group and Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the Group's and Company's ability to continue as a going concern.

For the purposes of financial reporting the Company is a for-profit entity.

The financial statements were authorised for issue in accordance with a resolution of the directors on 18 March 2021.

(b) Statement of compliance

The financial statements are prepared on the historical cost basis except for other financial assets which have been measured at fair value.

The financial statements are presented in Australian dollars which is the Group's functional currency, unless otherwise noted. All values are rounded to the nearest thousand dollars (\$000) unless otherwise noted.

The consolidated financial statements of the Group comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 1(r).

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. These accounting policies have been applied consistently to all periods in these consolidated financial statements, and have been applied consistently by the controlled entities, unless otherwise stated.

Rounding of amounts

The Company has relied on the relief provided by ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial statements. Amounts have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases the nearest dollar.

1 Summary of Significant Accounting Policies (continued)

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UOWGE Ltd at the end of the reporting period. A controlled entity is any entity over which UOWGE Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the period, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 32 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation.

Non-controlling interest not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of UOWGE Ltd.

(d) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not re-measured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

1 Summary of Significant Accounting Policies (continued)

(f) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Other financial assets

(i) Other financial assets - current

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(ii) Other financial assets - non-current

Classification of other financial assets - non-current

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

1 Summary of Significant Accounting Policies (continued)

(g) Other financial assets (continued)

(iii) Other financial assets - non-current (continued)

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unlisted shares held by the Group are classified as being other financial assets in the statement of financial position. After initial recognition they are stated at fair value, with any resultant gain or loss being recognised in the statement of profit or loss.

Dividends on unlisted shares are recognised in the statement of profit or loss when the Group's right to receive payment is established.

Other non-current financial assets, also includes managed funds. Unrealised gains or losses on the fair value of the managed funds, including the conversion from US dollars to Hong Kong dollars, are recognised in the statement of profit or loss.

Managed Fund distributions are recognised in accordance with the accounting policy outlined in note 1 (o).

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of plant and equipment less than \$1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Subsequent additional costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

1 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
Leasehold improvements	5, 10 or duration of lease
Plant & Equipment:	
• Plant and Equipment	10 to 33.3
• Furniture, Fixtures and Fittings	10 to 25
• Motor vehicles	20
Computer Equipment	33.33

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Intangibles

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill on acquisitions of controlled entities is included in intangible assets.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units) to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Other intangible assets

Other intangible assets, including accreditation costs, brand names, licences, student roster and software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brand, is recognised in profit and loss as incurred.

1 Summary of Significant Accounting Policies (continued)

(i) Intangibles (continued)

(ii) Other intangible assets (continued)

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

• Accreditation costs	3 – 5 years
• Brands	6 years
• Licences	5 years
• Student Roster	1 – 3 years
• Software	3 years

(j) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Long service leave

The Group's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Provision for long service leave includes amounts payable upon completion of service in Dubai and Hong Kong in accordance with UAE and Hong Kong legislation.

The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Site restoration

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology.

Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated in accordance with the Group's depreciation and amortisation policy. The unwinding of the effect of discounting on provision is recognised as a finance cost.

1 Summary of Significant Accounting Policies (continued)

(k) Provisions (continued)

(ii) Restructuring

The Group recognises restructuring provisions when it is demonstrably committed to either terminating the employment of employees, according to a detailed formal plan, without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(l) Revenue

Revenue arises mainly from the delivery of higher education university pathway courses, delivery of vocational training and the delivery of university education in Malaysia.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

The majority of the revenue is earned and generated at the Company's Wollongong, Dubai & Hong Kong campuses. A dissection of revenue by country is provided in note 2.

Tuition fees

Tuition fees, are course fees relating to the provision of the above mentioned educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Group to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Group expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial year. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer note 16.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Group also generates revenue from the conduct of IELTS testing, and other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial year. These other fees, earned during the current year are disclosed in note 2.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable

1 Summary of Significant Accounting Policies (continued)

(l) Revenue

in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of goods and services or value added tax. Further disclosure on revenue is provided in note 2.

(i) Provision of tuition services

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year-end, for a course commencing in the following year, are recognised as income received in advance.

(ii) Rental Income

Rental income is recognised on a straight line basis over the lease terms.

(m) Other income

(i) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(ii) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

(iii) Managed Fund distributions

Managed Fund distributions are recognised as income when they are declared by the Fund manager.

(iv) Government grants

Government grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless conditions for receiving the grant are met after the related expenses have been recognised. In this case the grant is recognised when it becomes receivable.

(n) Goods and Services & Value Added Taxes ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO") or similar Taxation Authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or current liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the taxation authority.

1 Summary of Significant Accounting Policies (continued)

(o) Foreign currency

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

(iii) Translation of controlled foreign operations

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the statement of profit or loss and other comprehensive income on disposal of the foreign operation.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(p) Income tax

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1 Summary of Significant Accounting Policies (continued)

(p) Income tax (continued)

(i) Tax Consolidation legislation

UOWGE Ltd and its wholly owned Australian controlled entity have implemented the tax consolidation legislation.

The head entity, UOWGE Ltd, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, UOWGE Ltd also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Charges or benefits arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(q) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(r) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

1 Summary of Significant Accounting Policies (continued)

(s) New Accounting Standards issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The possible impact of these standards in the period of initial application is unlikely to result in a material adjustment.

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Group, as the Group is not in the business of issuing insurance contracts. Early adoption is permitted as the Group early adopted AASB 9, however no such early adoption has occurred.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(v) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for impairment of trade receivables which is presented within other expenses.

1 Summary of Significant Accounting Policies (continued)

(v) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments that were previously classified as held-to-maturity under AASB 139.

Trade receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group reviews amounts that are past due and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12 month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

1 Summary of Significant Accounting Policies (continued)

(v) Financial instruments (continued)

(iv) Financial liabilities

The financial liabilities of the Group comprise trade & other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or other income.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and to settle the liabilities simultaneously.

(w) Investments in subsidiaries

Investments in subsidiaries held by the Company are accounted for at cost less any impairment losses in the Company Statement of Financial Position. Dividends received from subsidiaries are recorded as a component of other revenue in the statement of profit or loss and other comprehensive income of the Company, and do not impact the recorded cost of the investment.

Notes to the Financial Statements
For the year ended 31 December 2020

2 Revenue

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Sales revenue				
Rendering of services	140,747	137,893	-	-
	140,747	137,893	-	-
Timing of revenue recognition				
Revenue recognised over time	133,010	126,007	-	-
Revenue recognised at a point in time	7,737	11,886	-	-
Total revenue	140,747	137,893	-	-
Revenue dissection by geographical region				
Dubai	45,250	48,287	-	-
Hong Kong	47,750	54,011	-	-
Australia	18,476	24,437	-	-
Malaysia	29,271	11,158	-	-
Total revenue	140,747	137,893	-	-

3 Other income

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Other Income				
- Interest received	893	1,998	1,279	66
- Dividend received	3,880	570	5,611	24,126
- Managed Fund distributions	-	1,674	-	-
- Management and consulting fees	-	-	6,538	6,485
- Change in fair value of other financial assets	10,050	27,142	-	-
- Gain on disposal of fixed assets	16	-	-	-
- Government grants	5,777	-	500	-
	20,616	31,384	13,928	30,677

Notes to the Financial Statements
For the year ended 31 December 2020

4 Expenses

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Depreciation					
- Leasehold improvements		1,845	763	112	69
- Plant and equipment		2,764	1,322	10	5
- Computer equipment		1,063	399	6	3
- Right-of-use assets		17,026	9,544	41	41
Total Depreciation		22,698	12,028	169	118
Amortisation					
- Intangible assets		3,067	1,138	-	-
Total amortisation		3,067	1,138	-	-
Total depreciation and amortisation		25,765	13,166	169	118
Finance costs					
- Other persons/corporations		179	49	-	-
- Parent entity		753	177	753	177
- Controlled entities		-	-	825	25
- interest on lease liabilities		6,414	2,136	2	4
Total finance costs		7,346	2,362	1,580	206

The result for the year/period includes the following specific expenses:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Impairment loss on intangible assets		-	376	-	-
Net bad debt and doubtful debt expenses		676	235	-	-

Notes to the Financial Statements
For the year ended 31 December 2020

5 Income tax expense / (credit)

(a) Numerical reconciliation of income tax expense / (credit) to prima facie tax payable:

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Profit before income tax expense	12,408	39,556	5,530	23,216
Tax at the Australian tax rate of 30% (2019: 30%)	3,722	11,867	1,659	6,965
Increase in income tax due to:				
Imputation gross-up on dividends received	499	244	-	-
Non-deductible expenses	846	437	129	19
DTA not brought to account	164	131	-	-
Deferred tax recognised on unrealised gains	-	2,778	-	2,778
Tax exempt losses	1,277	-	-	-
Other assessable income	1,824	1,266	1,824	413
Under provided in prior years	8	-	-	-
Other	23	18	-	-
Decrease in income tax due to:				
Tax exempt income	-	(7,446)	-	-
Deferred tax released on realised gains	(1,974)	-	(1,974)	-
Inter-group transactions	-	(451)	(1,815)	(8,081)
Franking credits	(1,663)	(814)	-	-
Other deductible expenses	(4)	(2)	-	-
Overprovided in prior years	-	(937)	(46)	-
Differences in overseas tax rates	(44)	(1)	-	-
Total income tax expense / (credit)	4,678	7,090	(223)	2,094

(b) The components of tax expense comprise:

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Income tax expense				
Current tax	3,416	1,056	1,548	(355)
Origination and reversal of temporary differences	1,255	6,034	(1,725)	2,449
Adjustments for current tax of prior periods	121	-	2	-
Adjustments for deferred tax of prior periods	(114)	-	(48)	-
Total income tax expense	4,678	7,090	(223)	2,094

(c) Unrecognised temporary differences:

Deferred tax assets have not been recognised in respect of the following items:

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Temporary differences	211	695	-	-
Tax losses	2,461	2,301	32	-
Capital losses	1,852	837	837	837
Total deferred tax assets not recognised	4,524	3,833	869	837

Temporary differences, tax losses and capital losses do not expire under the current tax legislation. The deferred tax asset with respect to certain temporary differences and tax capital losses has not been recognised because it is not probable that future income or capital gains will be available against which the Group and Company can utilise the benefits therefrom.

Notes to the Financial Statements
For the year ended 31 December 2020

6 Current assets - Cash and cash equivalents

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Cash at bank and on hand		72,267	102,984	16,622	20,840
Cash restricted (a)		12,613	11,808	-	-
Petty cash		30	34	1	-
Total cash and cash equivalents		84,910	114,826	16,623	20,840

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Group's exposure to interest rate risk is disclosed in note 31.

(a) Cash restricted

In accordance with the agreement for the transfer of control of CCCU Ltd (subsequently renamed UOW College Hong Kong Ltd), certain cash balances were placed in a trust arrangement that effectively restricts the access to the cash and other financial assets, unless certain conditions and events occur. Further details on these arrangements are disclosed in note 32.

7 Current assets- Trade and other receivables

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Current					
Receivables from related parties (c)	34(b)	83	742	3,190	4,471
Other third parties		6	18	1	-
Students		6,705	3,429	-	-
Less: Allowance for credit losses (a)		(635)	(229)	-	-
		6,159	3,960	3,191	4,471
Other receivables		302	1,058	-	4
Prepayments and deposits		7,893	7,806	37	12
GST/VAT receivables		291	159	5	-
Total current trade and other receivables		14,645	12,983	3,233	4,487

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms.

The ageing analysis of these receivables is as follows:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
0 - 30 days		2	1	-	-
31 - 60 days		2	3	-	-
61 - 90 days		5	34	-	-
91+ days		626	191	-	-
		635	229	-	-

Notes to the Financial Statements
For the year ended 31 December 2020

7 Current assets- Trade and other receivables (continued)

Allowance for credit loss

A credit loss of \$676,000 (2019: \$235,000) has been recognised by the Group and a credit loss of nil (2019: nil) has been recognised by the Company for the current period. These amounts have been included in the 'other expenses' line item on the statement of profit or loss and other comprehensive income. No individual amount within the credit loss allowance is material.

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Opening balance		229	-	-	-
Acquisition of UOWD Ltd		-	175	-	-
Impairment charge for the year		676	235	-	-
Foreign exchange movement		(44)	1	-	-
Acquisition of subsidiaries		-	79	-	-
Amounts recouped		(12)	-	-	-
Amounts written off		(214)	(261)	-	-
Balance at 31 December		635	229	-	-

(b) Past due but not impaired

Receivables past due but not considered impaired are \$3,918,000 (2019: \$3,892,000) for the Group and nil (2019: nil) for the Company. Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within current trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

At 31 December, the ageing analysis of trade receivables is as follows:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
0 - 30 days		2,786	1,468	3,191	4,471
31 - 60 days		57	162	-	-
61 - 90 days		586	773	-	-
91+ days		2,730	1,557	-	-
		6,159	3,960	3,191	4,471

(c) Related party receivables

Receivables from related parties are non-interest bearing and are on 30 day terms.

(d) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

Notes to the Financial Statements
For the year ended 31 December 2020

8 Current tax receivable / (payable)

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Current tax receivable		384	33	-	-
Current tax payable		(2,923)	(641)	(2,923)	(641)

The current tax receivable for the Group of \$384,000 (2019: \$33,000) represents the amount of income tax receivable in respect of current and prior periods for the Malaysian Tax jurisdiction and arises from the payment of tax in excess of the amounts due to the Malaysian Tax Authorities.

The current tax payable for the Group and the Company of \$ 2,923,000 (2019: \$641,000) represents the amount of income tax payable in respect of current and prior periods for the Australian Tax jurisdiction and arises due to the deficit amount due to the Australian Tax Authorities based on payments of tax made in relation to the 31 December 2020 income year.

9 Non-Current assets – Trade and other receivables

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Loan to UOWD FZ-LLC		-	-	28,500	7,500
Total non-current trade and other receivables		-	-	28,500	7,500

10 Other financial assets

Current other financial assets comprise:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Held-to-maturity deposits		16,847	14	-	-
Other investments		92	95	-	-
Total current other financial assets		16,939	109	-	-

Non-current other financial assets comprise:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Financial assets at fair value					
Managed funds at fair value through profit or loss - restricted		67,443	164,744	-	-
Shares - Australian unlisted					
Education Australia Ltd at fair value through profit or loss (i)		49,384	41,020	-	-
Total current other financial assets		116,827	205,764	-	-

Notes to the Financial Statements
For the year ended 31 December 2020

10 Other financial assets (continued)*(i) Shareholding ownership in Education Australia Ltd is 2.6%*

Education Australia Ltd owns 40% of IDP Education Ltd. IDP Education Ltd, which is listed on the Australian Stock Exchange, is a company that provides services for international students wishing to study in Australian educational institutions and also provides International English Language Testing (IELTS).

During the year there was a dividend declared and paid by Education Australia Ltd of \$3,880,000 for the Group. These investments consist of ordinary shares and therefore have no fixed maturity date or coupon rate.

Valuation assumptions

The fair value of the managed funds and unlisted share investments has been estimated using valuation techniques based on the assumptions listed below, that are partially supported by observable market prices or rates. Management believes the estimated fair value resulting from the valuation techniques and recorded in the statement of financial position and the related changes in fair value are reasonable and the most appropriate at the reporting date.

Shares - Australian unlisted

Education Australia Ltd – an estimate of the value of Education Australia Ltd after taking into account its 40% (2019: 49.3%) shareholding in, the publicly listed company, IDP Education Ltd and the remaining net tangible assets within the company. The shareholding in IDP Education Ltd reflects the share price determined based on the VWAP of IDP shares and trading range over the 10 day period up to 31 December 2020, discounted by a factor to reflect the level of shareholding and the inability to immediately sell the shares.

A reconciliation of the movement during the year is as follows:

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Opening balance	41,020	-	-	-
Acquisition of UOWD Ltd	-	22,919	-	-
Net valuation gains	8,364	18,101	-	-
Balance at 31 December	49,384	41,020	-	-

Valuation sensitivity

The Group estimates the value of Education Australia Ltd taking into account the current market value of its holding in IDP Education Ltd, discounted by a factor to reflect the lack of marketability of these shares, and the net value attributable to the remainder of Education Australia Ltd.

The potential effect of using an alternative discount rate (up or down 5%) would have the effect of reducing or increasing fair value by \$2,806,000 (2019: \$2,930,000) assuming all other variables are held constant.

Liquidity risk

Information regarding liquidity risk exposure is set out in note 31.

Managed Funds

The fair value of the managed funds are derived from the daily redemption values published by the investment manager, with no further adjustment or discounting.

Liquidity risk

Information regarding liquidity risk exposure is set out in note 31.

Notes to the Financial Statements
For the year ended 31 December 2020

11 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Consolidated				
	Capital Work in Progress	Leasehold improvements	Plant and Equipment	Computer Equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
2020					
Balance at 1 January	11,063	2,422	7,821	640	21,946
Additions	118,451	225	678	343	119,697
Assets commissioned for use	(35,047)	24,326	6,165	4,556	-
Disposals	-	-	(15)	-	(15)
Depreciation charge	-	(1,845)	(2,764)	(1,063)	(5,672)
Foreign exchange movements	(8,951)	(2,279)	(918)	(447)	(12,595)
Balance at 31 December	85,516	22,849	10,967	4,029	123,361
As at 31 December 2020					
Cost	85,516	36,117	32,683	6,144	160,460
Accumulated depreciation	-	(13,268)	(21,716)	(2,115)	(37,099)
Net Book Amount	85,516	22,849	10,967	4,029	123,361
2019					
Balance at 1 January	-	-	-	-	-
Acquisition of UOWD Ltd	1,289	2,873	1,752	544	6,458
Additions	8,505	166	590	436	9,697
Acquisition of controlled entities	1,939	-	6,587	28	8,554
Assets commissioned for use	(461)	71	390	-	-
Transfers between categories	-	66	(94)	28	-
Depreciation charge	-	(763)	(1,322)	(399)	(2,484)
Foreign exchange movements	(209)	9	(82)	3	(279)
Balance at 31 December	11,063	2,422	7,821	640	21,946
As at 31 December 2019					
Cost	11,063	15,403	31,186	6,755	64,407
Accumulated depreciation	-	(12,981)	(23,365)	(6,115)	(42,461)
Net Book Amount	11,063	2,422	7,821	640	21,946

Notes to the Financial Statements
For the year ended 31 December 2020

11 Non-current assets - Property, plant and equipment (continued)

	Company				
	Capital Work in Progress	Leasehold improvements	Plant and Equipment	Computer Equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
2020					
Balance at 1 January	-	490	42	27	559
Additions	-	11	3	-	14
Depreciation charge	-	(112)	(10)	(6)	(128)
Balance at 31 December	-	389	35	21	445
As at 31 December 2020					
Cost	-	570	50	30	650
Accumulated depreciation	-	(181)	(15)	(9)	(205)
Net Book Amount	-	389	35	21	445
2019					
Balance at 1 January	-	-	-	-	-
Additions	64	495	47	30	636
Assets commissioned for use	(64)	64	-	-	-
Depreciation charge	-	(69)	(5)	(3)	(77)
Balance at 31 December	-	490	42	27	559
As at 31 December 2019					
Cost	-	559	47	30	636
Accumulated depreciation	-	(69)	(5)	(3)	(77)
Net Book Amount	-	490	42	27	559

Notes to the Financial Statements
For the year ended 31 December 2020

12 Non-current assets – Intangible assets

	Consolidated						
	Brand	Licences	Student Roster	Software	Accredi- tation costs	Goodwill	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2020							
Balance at 1 January	-	-	-	1,804	2,189	10,286	14,279
Additions	-	-	-	883	572	-	1,455
Finalisation of purchase price accounting (31(a))	1,458	1,194	1,892	-	-	(4,332)	212
Amortisation charge	(315)	(310)	(819)	(955)	(668)	-	(3,067)
Foreign exchange movements	(104)	(82)	(111)	(140)	(169)	(368)	(974)
Balance at 31 December	1,039	802	962	1,592	1,924	5,586	11,905
As at 31 December 2020							
Cost	1,336	1,094	1,732	2,339	2,897	5,586	14,984
Accumulated amortisation	(297)	(292)	(770)	(747)	(973)	-	(3,079)
Net Book Amount	1,039	802	962	1,592	1,924	5,586	11,905
2019							
Balance at 1 January	-	-	-	-	-	-	-
Acquisition of UOWD Ltd	-	-	-	-	1,477	-	1,477
Additions	-	-	-	2,049	1,588	-	3,637
Acquisition of controlled entities (31(a))	-	-	-	-	-	10,818	10,818
Amortisation charge	-	-	-	(245)	(893)	-	(1,138)
Impairment charge	-	-	-	-	-	(376)	(376)
Foreign exchange movements	-	-	-	-	17	(156)	(139)
Balance at 31 December	-	-	-	1,804	2,189	10,286	14,279
As at 31 December 2019							
Cost	-	-	-	2,224	3,649	10,286	16,159
Accumulated amortisation	-	-	-	(420)	(1,460)	-	(1,880)
Net Book Amount	-	-	-	1,804	2,189	10,286	14,279

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expenses in the statement of comprehensive income. Goodwill has an indefinite life and is not amortised.

12 Non-current assets – Intangible assets (continued)

Impairment disclosures

For the purpose of impairment testing, goodwill is allocated to cash-generating units which are based on the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each CGU is:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
UOW Malaysia KDU University College Sdn Bhd		2,919	2,303	-	-
UOW Malaysia KDU Penang University College Sdn Bhd		2,622	7,809	-	-
UOW Malaysia KDU College Sdn Bhd		45	174	-	-
Balance at 31 December		5,586	10,286	-	-

The allocation at 31 December 2019 was provisional contingent on finalisation of the purchase price accounting for the acquisition of the KDU entities. The purchase price accounting was finalised during 2020 (see note 31(a)) and the goodwill allocation has been adjusted accordingly.

The recoverable amount of each cash-generating unit above was determined based on a value-in-use calculation covering a detailed, board approved, 3 year forecast, followed by an extrapolation of expected cash flows for a further 2 years using a growth rate consistent with the forecast period. A terminal value growth rate of 2% was used. The present value of the expected pre-tax cash flows of each cash generating unit is determined by applying a suitable pre-tax discount rate reflecting current market assessment of the time value of money and risks specific to the cash generating unit. The pre-tax discount rates vary used vary based on the nature of the business. The pre-tax discount rates used are between 9.3% and 11.1%.

Management believes that any reasonable change in the key assumptions applied would not cause the carrying value of assets to exceed their recoverable amount and result in a material impairment based on current economic conditions and performance of the cash generating units.

13 Leases

The Group as a lessee

The Group has leases over a range of assets including buildings, vehicles and IT equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Group leases buildings for their corporate offices and education institutions, the leases are generally between 3 - 10 years and some of the leases include a renewal option to allow the Group to renew for up to once the non-cancellable lease term. Some leases contain an annual pricing mechanism based on CPI movements at each anniversary of the lease inception while other leases include fixed increases at set dates during the term of the lease.

Motor Vehicles

The Group leases motor vehicles with lease terms varying from 1 - 3 years, the lease payments are fixed during the lease term.

IT equipment

Leases for IT equipment are generally considered to be for low value assets.

Notes to the Financial Statements
For the year ended 31 December 2020

13 Leases (continued)**(a) Right of use assets**

	Note	Consolidated			Total \$000's
		Buildings \$000's	Motor Vehicles \$000's	Office Equipment \$000's	
2020					
Balance at 1 January		108,533	178	14	108,725
Additions		13,363	144	-	13,507
Finalisation of purchase price accounting	32(a)	2,104	-	-	2,104
Disposals		(2,199)	-	-	(2,199)
Depreciation charge		(16,853)	(169)	(4)	(17,026)
Foreign exchange movements		(8,616)	(10)	(1)	(8,627)
Balance at 31 December		96,332	143	9	96,484

2019					
Adoption of AASB 16		-	100	-	100
Acquisition of UOWD Ltd	33(a)	33,703	170	-	33,873
Additions		74,925	28	-	74,953
Acquisition of controlled entities	32(a)	9,112	-	16	9,128
Depreciation charge		(9,421)	(122)	(1)	(9,544)
Foreign exchange movements		214	2	(1)	215
Balance at 31 December		108,533	178	14	108,725

	Note	Company	
		Motor Vehicles \$000's	Total \$000's
2020			
Balance at 1 January		59	59
Depreciation charge		(41)	(41)
Balance at 31 December		18	18
2019			
Adoption of AASB 16		100	100
Depreciation charge		(41)	(41)
Balance at 31 December		59	59

Notes to the Financial Statements
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13 Leases (continued)**(b) Lease liabilities**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
< 1 year		21,729	15,739	20	43
1 - 5 years		68,533	72,440	-	20
> 5 years		37,760	51,582	-	-
Total undiscounted lease liabilities		128,022	139,761	20	63

Lease liabilities included in the Statement of Financial Position

Current		16,612	9,996	20	41
Non-current		89,882	100,931	-	19
Total lease liabilities included in the Statement of Financial Position		106,494	110,927	20	60

Extension options

Some of the building leases contain extension options which allow the Group to extend the lease term by up to once the original non-cancellable period of the lease.

The Group includes options in the leases to provide flexibility and certainty to the Group operations and reduce costs of moving premises and the extension options are at the Group's discretion.

At commencement date and each subsequent reporting date, the Group assesses where it is reasonably certain that the extension options will be exercised.

There are \$107,911,000 (2019: \$102,306,000) in potential future lease payments which are not included in lease liabilities as the Group has assessed that the exercise of the option is not reasonably certain.

(c) Statement of comprehensive income

The amounts recognised in the statement of comprehensive income relating to leases where the Group is a lessee is shown below:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Income from sub-leasing right-of-use assets		1,170	385	-	-
Interest expense on lease liabilities		(6,414)	(1,942)	(2)	(4)
Variable lease payments not included in the measurement of lease liabilities		(62)	(51)	-	-
Expenses relating to short-term leases		(505)	(7,702)	-	-
Expenses relating to leases of low-value assets		(117)	(225)	-	-
Depreciation of right-of-use assets		(17,026)	(9,542)	(41)	(41)
		(22,954)	(19,077)	(43)	(45)

(d) Statement of Cash Flows

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Total cash outflow for leases		13,022	17,764	41	65
		13,022	17,764	41	65

Notes to the Financial Statements
For the year ended 31 December 2020

14 Non-current Assets - Deferred Tax Assets

Balance of deferred tax assets comprise temporary differences related to:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Property, plant and equipment		(1,433)	(1,696)	-	-
Unearned income		-	28	-	-
Deferred balancing charge		-	(1,384)	-	-
Unused tax losses		1,394	1,501	-	-
Unabsorbed capital allowances		2,465	2,679	-	-
Lease assets		559	527	-	-
Others		557	1,610	-	-
		3,542	3,265	-	-

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Balance at 1 January		3,265	-	-	-
Recognised on acquisition of controlled entities		-	1,499	-	-
Reclass to deferred tax liabilities		1,306	-	-	-
Charged to statement of profit or loss and other comprehensive income		(705)	1,803	-	-
Foreign exchange movement		(324)	(37)	-	-
Balance at 31 December		3,542	3,265	-	-

15 Current liabilities - Trade and other payables

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Current					
Trade payables		665	573	-	-
Payables to related parties	35(b)	1,069	3,402	316	152
Payables to City University of Hong Kong		1,684	3,020	-	-
VAT payable		-	7	-	-
Non-trade payables and accruals		13,095	15,485	1,143	944
Total current trade and other payables		16,513	22,487	1,459	1,096

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 31.

Notes to the Financial Statements
For the year ended 31 December 2020

16 Current liabilities – Provisions

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Liability for annual leave		2,876	2,577	529	335
Liability for long service leave		6,802	7,098	314	289
Restructuring		-	16	-	-
Site restoration	20(a)	-	1,093	-	-
Total current provisions		9,678	10,784	843	624

The current provision for the Group includes \$577,000 (2019: \$504,000) of annual leave entitlements accrued but not expected to be taken within 12 months. The current provision for the Company includes \$164,000 (2019: \$126,000) of annual leave entitlements accrued but not expected to be taken within 12 months.

The current provision for the Group includes \$5,668,000 (2019: \$6,032,000) of long service leave accrued but not expected to be taken within 12 months. The current provision for the Company includes \$233,000 (2019: \$214,000) of long service leave accrued but not expected to be taken within 12 months.

17 Current liabilities - Contract liabilities

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Contracted income & amounts received in advance		15,092	17,130	-	-
Total contract liabilities		15,092	17,130	-	-

18 Loans and borrowings

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Current					
UOWC Ltd		-	-	15,000	15,000
Total current borrowings		-	-	15,000	15,000
Non-current					
University of Wollongong		28,955	13,955	28,955	13,955
Total non-current borrowings		28,955	13,955	28,955	13,955

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19 Financing arrangements

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Available at balance date					
Bank overdraft		2,426	2,785	-	-
Bank guarantee		2,264	2,437	-	-
Credit card facility		457	469	300	300
Total available at balance date		5,147	5,691	300	300
Used at balance date					
Bank overdraft		-	-	-	-
Bank guarantee		166	875	-	-
Credit card facility		50	24	19	-
Total used at balance date		216	899	19	-
Unused at balance date					
Bank overdraft		2,426	2,785	-	-
Bank guarantee		2,098	1,562	-	-
Credit card facility		407	445	281	300
Total unused at balance date		4,931	4,792	281	300

20 Non-current liabilities - Deferred Tax Liabilities

Balance of deferred tax liabilities comprise temporary differences related to:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Property, plant and equipment		77	(114)	(81)	(2)
Leased assets		(31)	(19)	-	(1)
Non-current other financial assets		17,311	16,776	2,682	4,656
Deferred balancing charge		1,069	-	-	-
Accruals		(415)	(249)	(224)	(201)
Provisions		(883)	(803)	(286)	(217)
Trade and other receivables		111	180	74	12
Unearned income		(386)	(346)	-	-
Tax loss carry forward		-	(340)	-	(340)
Others		(269)	(151)	(130)	(99)
		16,584	14,934	2,035	3,808
Balance at 1 January		14,934	-	3,808	-
Acquisition of UOWD Ltd		-	7,098	-	-
Transfer of temporary differences from former head of tax consolidated group		-	-	-	1,359
Reclass from deferred tax assets		1,306	-	-	-
Charged to statement of profit or loss and other comprehensive income		436	7,836	(1,773)	2,449
Foreign exchange movement		(92)	-	-	-
Balance at 31 December		16,584	14,934	2,035	3,808

UOWGE Ltd
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21 Non-current liabilities – Provisions

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Liability for long service leave		188	189	82	74
Site restoration		1,772	1,839	-	-
Total non-current provisions		1,960	2,028	82	74

Movements in each class of provisions during the financial year, other than employee benefits, are set out below:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Balance at 1 January		1,839	-	-	-
Acquisition of UOWD Ltd		-	1,047	-	-
Unwinding of the discount rate		135	47	-	-
Additions		-	1,831	-	-
Transfer to current		-	(1,093)	-	-
Foreign Exchange movement		(202)	7	-	-
Balance at 31 December		1,772	1,839	-	-

Site restoration

In accordance with the lease contract in Dubai, the Group and Company must restore the leased premises to their original condition at the end of its occupancy. A provision has been raised in respect of the Group and Company's obligation to remove leasehold improvements from these leased premises. The provision has been moved to a current provision as the Group will leave the premises within the next 12 months.

An additional provision has been raised in respect of the Group's obligation to remove leasehold improvements from a newly leased premises. Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using a pre-tax discount rate of 5.5%.

22 Issued capital

(a) Ordinary shares

	Note	Consolidated		Company	
		2020	2019	2020	2019
		No. & \$	No. & \$	No. & \$	No. & \$
Current					
At the beginning of the period		2	2	2	2
At the end of the period		2	2	2	2

Fully paid ordinary shares carry one vote per share and the right to dividends. The shares are held by University of Wollongong. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

(b) Capital management

When managing capital, the Board of Director's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to its shareholder. The Group currently manages issued capital of \$2 (2019: \$2).

Refer to note 24 for dividends declared.

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23 Reserves and retained earnings**(a) Reserves**

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Reserves					
Foreign currency translation reserve		(4,659)	(1,112)	-	-
Transactions with NCI		(3,645)	(3,645)	-	-
UOWCHK Ltd Reserve		217,113	230,249	-	-
Total reserves		208,809	225,492	-	-
Foreign currency translation reserve					
Opening balance		(1,112)	-	-	-
Acquisition of UOWD Ltd		-	(559)	-	-
Translation of foreign operations		(23,767)	1,811	-	-
Transfer to UOWCHK Ltd Reserve		20,220	(2,364)	-	-
Balance at 31 December		(4,659)	(1,112)	-	-
Transactions with NCI					
Opening balance		(3,645)	-	-	-
Acquisition of controlled entities		-	(3,645)	-	-
Balance at 31 December		(3,645)	(3,645)	-	-
UOWCHK Ltd Reserve					
Opening balance		230,249	-	-	-
Acquisition of UOWD Ltd		-	210,337	-	-
Transfer from other reserves and retained earnings		(13,136)	19,912	-	-
Balance at 31 December		217,113	230,249	-	-

(b) Retained earnings

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Opening balance		58,789	-	12,122	-
Acquisition of UOWD Ltd		-	53,715	-	-
Net profit attributable to the Owners of UOWGE Ltd		7,817	31,622	5,753	21,122
Dividend paid		(4,000)	(9,000)	(4,000)	(9,000)
Transfer to UOWCHK Ltd Reserve		(7,084)	(17,548)	-	-
Balance at 31 December		55,522	58,789	13,875	12,122

(c) Transactions with NCI

The Transactions with NCI balance results from transactions between the Group and non-controlling shareholders that did not result in a change in ownership.

(d) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(e) UOW College Hong Kong Ltd reserve

The net assets of UOW College Hong Kong Ltd, which are incorporated within the Group's Statement of Financial Position, are not available for distribution to its immediate parent or ultimate holding entities. Accordingly, the directors have chosen to reflect the net financial position of UOW College Hong Kong Ltd within a separate reserve. Refer to note 31.

UOWGE Ltd
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24 Dividends

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Ordinary shares					
Final dividend		<u>(4,000)</u>	<u>(9,000)</u>	<u>(4,000)</u>	<u>(9,000)</u>
		<u>(4,000)</u>	<u>(9,000)</u>	<u>(4,000)</u>	<u>(9,000)</u>

In respect of the year ended 31 December 2020, a dividend of \$4,000,000 (200,000,000 cents per share) partly franked at 58.3%, was paid to the holder of fully paid ordinary shares on 7 July 2020.

In respect of the year ended 31 December 2019, a total dividend of \$9,000,000 (450,000,000 cents per share) partly franked at 25.9%, was paid to the holder of fully paid ordinary shares on 20 June 2019.

(a) Dividend franking account

The amount of franking credits available for the subsequent financial year are:

	Note	Company	
		2020 \$000's	2019 \$000's
Franking account balances as at the end of the financial period at 30%		<u>6,010</u>	<u>1,507</u>

The above available balance is based on the dividend franking account at period-end adjusted for franking credits that will arise from the payment of the current tax payable. Refer note 7.

25 Auditors remuneration

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Auditors of the company					
The Audit Office of New South Wales					
Audit of the Financial Statements		287,000	324,000	146,000	183,500
Other Auditors					
Auditing the financial results of controlled entities		<u>21,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Total remuneration for audit and other assurance services		<u>308,000</u>	<u>334,000</u>	<u>146,000</u>	<u>183,500</u>

26 Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following persons were directors of UOWGE Ltd during the year ended 31 December 2020:

(i) Chairman- Independent director

Mr P Robson AO

(ii) Directors

Professor P Wellings CBE

Professor J Chicharo

Professor A Frino

Mr D Israel

(iii) Independent directors

Mr G West

Mr N Cornish AM

Mr R Ryan

Ms W Gan

(iv) Executive director

Ms M Mastroianni

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year ended 31 December 2020:

Name	Position	Employer
Ms M Mastroianni	Group Chief Executive Officer and Managing Director	UOWGE Ltd
Mr G Drummond	Chief Financial Officer / Executive Director Corporate Services	UOWGE Ltd
Ms J Stuart	Executive Director People and Culture	UOWGE Ltd
Ms K McCollim	Executive Director Business Transformation	UOWGE Ltd
Mr P Janu	Executive Director Commercial and Legal	UOWGE Ltd
Mr F Lanceley	UOW College Australia General Manager	UOWC Ltd
Professor Mohamed-Vall M. Salem Zein	President of UOW in Dubai	UOWD FZ-LLC
Ms J Ng Glok-Hong	CEO Asia	UOWM KDU University College Sdn Bhd
Ms V Bourne	President of UOW College Hong Kong	UOWC Hong Kong Ltd

(b) Transactions with key management personnel

In addition to their salaries, the Group also provides non cash benefits to directors and executive officers, and contributes to a post-employment defined contributions plan on their behalf.

Key management personnel compensation

The aggregate compensation made to key management personnel of the Group and the Company is set out below:

	Consolidated		Company	
	2020	2019	2020	2019
Note	\$000's	\$000's	\$000's	\$000's
Short term employee benefits	3,875,380	3,961,920	2,076,144	1,251,145
Post-employment benefits	177,724	155,388	131,415	77,475
	4,053,104	4,117,308	2,207,559	1,328,620

Notes to the Financial Statements
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(c) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Group or Company, including their personally related parties.

27 Statement of cash flow reconciliation**(a) Reconciliation to cash and cash equivalents at 31 December 2020**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
As per the statement of financial position					
Cash and cash equivalents	5	84,910	114,826	16,623	20,840
Other financial assets - current	9	16,847	-	-	-
		101,757	114,826	16,623	20,840
As per the statement of cash flows		101,757	114,826	16,623	20,840

(b) Reconciliation of the profit for the period to net cash flows from operating activities

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Profit for the period after income tax		7,730	32,466	5,753	21,122
<i>Adjustments for:</i>					
Depreciation and amortisation		25,765	13,166	169	118
Net loss / (gain) on disposal of non-current assets		9	(1)	-	-
Non-cash lease interest expense		4,161	322	-	-
Goodwill impairment		-	376	-	-
Impairment of other assets		228	-	-	-
Unrealised FX		(37)	132	-	-
Termination of lease contract gain		3	-	-	-
Waiver of rental income		(39)	-	-	-
Interest income		(893)	(1,998)	(1,279)	(66)
Dividend received		(3,880)	(570)	(5,611)	(24,126)
Managed fund distributions		-	(1,674)	-	-
Change in fair value of other financial assets		(10,050)	(27,143)	-	-
Non-cash income tax expense		3,705	4,255	-	2,094
Operating profit before change in assets and liabilities		26,702	19,331	(968)	(858)
(Increase) / decrease in trade and other receivables		(2,349)	2,829	129	(1,357)
(Increase) / decrease in other assets		(659)	123	-	-
(Decrease) / increase in trade and other payables		(6,645)	(2,706)	362	1,096
(Decrease) / Increase in provisions		(515)	547	227	698
(Decrease) in contract liabilities		(1,414)	(1,435)	-	-
Increase in net current income payable		899	117	509	-
Increase in net deferred tax liabilities		-	2,225	-	-
Net foreign exchange movement in assets and liabilities		(762)	(247)	-	-
Net cash flows from operating activities		15,257	20,784	259	(421)

28 Capital commitments

(a) Capital expenditure commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Property, plant & equipment					
Less than 1 year		2,137	22,931	-	-
		<u>2,137</u>	<u>22,931</u>	<u>-</u>	<u>-</u>

29 Assistance provided by Government entities

During the period the University of Wollongong provided rent free accommodation to the Group in relation to space occupied in Building 39 on the campus. This contribution has not been recognised in the financial statements. All other property related transactions were on an arm's length basis with the University of Wollongong. There were no other material assets or expenditure provided by or incurred by another government department or statutory authority to the Group or Company other than as disclosed in Note 35 (related party transactions).

30 Economic dependency

The University of Wollongong in Dubai is dependent upon the University of Wollongong for use of the University's brand and the University's course materials in providing education services.

UOW College is highly dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses, and is a key source of qualified international students for the University of Wollongong, once students have completed their College preparation courses.

The Group is dependent on the University of Wollongong, as its sole shareholder, to provide financial support should the need arise.

31 Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets (current and non-current), trade and other payables, loans and borrowings and other financial liabilities.

The Group has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

31 Financial risk management (continued)

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk relating arises from the potential non- performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables. The carrying amount of the Group's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Group trades with students and other educational organisations and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Australia	388	1,046	1,595	2,552
Dubai	2,666	1,247	370	36
Hong Kong	3,091	1,509	26	-
Malaysia	650	387	1,200	1,883
	6,795	4,189	3,191	4,471

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions:

The Group manages liquidity risk by regularly reviewing forecasts of liquidity reserves on the basis of expected cash flow, as well as by maintaining adequate banking facilities and reserve borrowing facilities. Details of these facilities are outlined in note 18.

The Group also manages liquidity risk by geographical region. A dissection of cash balances, including current other financial assets, by geographical region at 31 December is shown below:

Note	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Australia	27,157	32,961	16,623	20,840
Dubai	2,087	7,144	-	-
Hong Kong	63,450	64,675	-	-
Malaysia	9,155	10,046	-	-
	101,849	114,826	16,623	20,840

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31 Financial risk management (continued)**(b) Liquidity risk (continued)**

The following liquidity risk disclosures reflect all contractually fixed payments resulting from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the following table reflect a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis - Non-derivative

	Consolidated							
	Within 1 year		1- 5 years		Over 5 years		Total	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Financial Assets								
Cash and cash equivalents	84,961	115,150	-	-	-	-	84,961	115,150
Trade and other receivables	4,991	4,761	-	-	-	-	4,991	4,761
Current other financial assets	16,939	-	-	-	-	-	16,939	-
Non-current other financial assets	-	-	67,442	164,744	49,384	41,020	116,826	205,764
	106,891	119,911	67,442	164,744	49,384	41,020	223,717	325,675
Financial liabilities								
Trade and other payables	(16,513)	(22,487)	-	-	-	-	(16,513)	(22,487)
Borrowings	-	-	-	-	(28,955)	(13,955)	(28,955)	(13,955)
Lease liabilities	(17,513)	(15,739)	(68,533)	(72,440)	(37,760)	(51,582)	(123,806)	(139,761)
Non-current Other financial liabilities	-	-	(2,838)	(2,977)	-	-	(2,838)	(2,977)
	(34,026)	(38,226)	(71,371)	(75,417)	(66,715)	(65,537)	(172,112)	(179,180)
Net Exposure	72,865	81,685	(3,929)	89,327	(17,331)	(24,517)	51,605	146,495

	Company							
	Within 1 year		1- 5 years		Over 5 years		Total	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Financial Assets								
Cash and cash equivalents	16,625	20,845	-	-	-	-	16,625	20,845
Trade and other receivables	1,769	4,471	-	-	-	-	1,769	4,471
Non-current other financial assets	-	-	-	-	28,500	7,500	28,500	7,500
	18,394	25,316	-	-	28,500	7,500	46,894	32,816
Financial liabilities								
Trade and other payables	(1,459)	(1,096)	-	-	-	-	(1,459)	(1,096)
Borrowings	(15,000)	(15,000)	-	-	(28,955)	(13,955)	(43,955)	(28,955)
Lease liabilities	(20)	(43)	-	(20)	-	-	(20)	(63)
	(16,479)	(16,139)	-	(20)	(28,955)	(13,955)	(45,434)	(30,114)
Net Exposure	1,915	9,177	-	(20)	(455)	(6,455)	1,460	2,702

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

31 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

The Group is exposed to currency risks on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The functional currencies of Group entities are the Australian Dollar (AUD), the United Arab Emirates Dirham (AED), the Hong Kong Dollar (HK\$), and the Malaysian Ringgit (MR). Whilst the volume of sales and purchases denominated in foreign currencies other than the respective functional currencies is not significant, the main foreign currency in which these other transactions primarily are denominated in, is the US Dollar (USD).

During 2020, the Group, via CCCU Trust, held a range of USD denominated managed funds. At 31 December, the Group had invested \$67,443,000 (2019: \$164,744,000) in the managed funds. A 5% change in the USD:HKD exchange rate would result in a +/- 3,400,000 (2019: +/- \$8,235,000) change in the fair value of the managed funds, based on the year-end exchange rates, which would be recorded in the statement of profit or loss and other comprehensive income.

The Group can be exposed to foreign currency risk when transferring funds between countries. The Group does not currently use any hedging instruments when dealing with foreign currency.

In respect of financial assets and financial liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At 31 December 2020, there was no exposure to US denominated trade and other receivables.

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and other financial assets. The Group's trade and related party receivables are non-interest bearing. All non-related party loans and borrowings of the Group have a fixed interest rate for the term of the borrowing. At 31 December 2020, there were related party loans outstanding for an amount of \$28,955,000 (2019: \$13,955,000).

The Group does not currently use any hedging instruments when dealing with interest rates.

The Group operates a treasury policy which directs excess cash reserves be placed in short term fixed interest rate term deposits. At the reporting date, the Group had \$7,000,000 (2019: \$14,500,000) and the Company had \$5,000,000 (2019: \$9,000,000) in Australian short term deposits with interest rates ranging from 0.45% - 0.82% (2019: 1.25% - 1.60%) for the Group and 0.45% (2019: 1.25% - 1.60%) for the Company.

At the reporting date, the Group had \$16,835,000 (2019: \$44,313,000) in Hong Kong short term deposits with interest rates of 0.56% (2019: 2.10% - 2.30%) for the Group. At reporting date, the Group had \$12,000 (2019: \$12,000) in Malaysian short term deposits with interest rates of 1.85% (2019: 2.85%)

At the reporting date, the only financial asset the Group had that is exposed to Australian variable interest rate risk is cash and cash equivalents. The value at the reporting date for the Group is \$20,158,000 (2019: \$14,990,000) and for the Company \$11,622,000 (2019: \$11,840,000).

At the reporting date, the only financial asset the Group had that is exposed to Hong Kong variable interest rate risk is cash and cash equivalents. The value at the reporting date for the Group is \$33,996,000 (2019: \$8,549,000).

At the reporting date, the only financial asset the Group had that is exposed to Malaysia variable interest rate risk is cash and cash equivalents. The value at the reporting date for the Group is \$6,923,000 (2019: \$9,664,000).

31 Financial risk management (continued)

(c) Market risk (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. Significant assumptions used in the interest rate sensitivity analysis include:

- Acknowledging the Group has significant amounts of cash and cash equivalents in short term fixed interest rate term deposits;
- At the beginning of 2020, the Reserve Bank of Australia cash rate was 0.75%. At the end of 2020 the cash rate was 0.1%;
- Interest rates for Hong Kong and Malaysia are similar to the Australian prevailing interest rates; and
- Interest rates are forecast to marginally move during 2021.

		Consolidated		Company	
	Note	Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's
Year ended 31 December 2020					
Cash and Cash Equivalents - at bank					
Increase of 25bps - Australia		35	35	20	20
Increase of 25bps - Hong Kong		85	85	-	-
Increase of 25bps - Malaysia		23	23	-	-
Decrease of 25bps - Australia		(35)	(35)	(20)	(20)
Decrease of 25bps - Hong Kong		(85)	(85)	-	-
Decrease of 25bps - Malaysia		(23)	(23)	-	-
Period ended 31 December 2019					
Cash and Cash Equivalents - at bank					
Increase of 25bps - Australia		26	26	21	21
Increase of 10bps - Hong Kong		26	26	-	-
Decrease of 25bps - Australia		(26)	(26)	(21)	(21)
Decrease of 10bps - Hong Kong		(26)	(26)	-	-

(d) Fair value measurements

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group assets and liabilities measured and recognised at fair value at 31 December 2020.

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2020

	Consolidated							
	Level 1		Level 2		Level 3		Total	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Financial assets								
Other financial assets non-current:								
- Managed Funds	-	-	67,443	164,744	-	-	67,443	164,744
- Equity Securities	-	-	49,384	41,020	-	-	49,384	41,020
	-	-	116,827	205,764	-	-	116,827	205,764

31 Financial risk management (continued)**(d) Fair value measurements (continued)**

Management has assessed the Group's financial assets and financial liabilities and have identified that their fair value measurements do not fall in the Level 1 and Level 3 hierarchy requirement.

Reconciliation of Level 2 investments

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Level 2					
Opening balance at 1 January		205,764	-	-	-
Acquisition of UOWD Ltd	32(a)	-	175,343	-	-
Revaluation increments recognised in profit and loss		10,050	27,142	-	-
Investment in managed funds		-	1,674	-	-
Managed fund distributions recognised in profit and loss		-	(1,674)	-	-
Redemption of managed funds		(94,294)	-	-	-
Foreign exchange movements		(4,693)	3,279	-	-
Balance at 31 December		116,827	205,764	-	-

32 Business combinations**(a) Summary of acquisition of UOWM KDU entities**

On 3 September 2019, the Group obtained control of:

- KDU University College (PG) Sdn. Bhd. (subsequently renamed UOW Malaysia KDU Penang University College Sdn Bhd.) by acquiring 65% of the voting shares;
- KDU University College Sdn. Bhd.(subsequently renamed UOW Malaysia KDU University College Sdn. Bhd.) by acquiring 65% of the voting shares; and
- KDU College (PJ) Sdn. Bhd. (subsequently renamed UOW Malaysia KDU College Sdn. Bhd.) by acquiring 70% of the voting shares.

The acquisition was made to extend the global presence of UOW in alignment with the UOW Global Strategy.

The Group has options to acquire 5% of the voting shares in UOW Malaysia KDU Penang University College Sdn Bhd. and 5% of the voting shares in UOW Malaysia KDU University College Sdn Bhd. in 4 years. The fair value of these forwards has been included on the balance sheet as non-current other financial liabilities and in the other equity reserves as a transaction with NCI that does not change the percentage ownership. Any subsequent changes in fair value of the forwards have been recognised in profit and loss. Management have determined that the fair value of the forwards has not materially changed at 31 December 2020.

The Group has call options to acquire the remaining 30% voting shares in both UOW Malaysia KDU Penang University College Sdn Bhd. and UOW Malaysia KDU University College Sdn Bhd. In years 5-7. As at 31 December 2020 management estimates that the fair value of these options is insignificant.

As of 31 December 2019 the purchase price accounting was provisional. During 2020, the Group finalised the fair values of the

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assets and liabilities acquired. The adjustments made in finalising fair values primarily relate to the recognition of intangible assets separately from goodwill and an adjustment to the fair value of the Right of Use Assets. As of 31 December 2020 the purchase price accounting is final.

32 Business combinations (continued)

(a) Summary of acquisition of UOWM KDU entities (continued)

The assets and liabilities arising from the acquisition are as follows:

		Consolidated	
	Note	Provisional \$000's	Adjustment \$000's
			Final \$000's
Cash & cash equivalents		1,105	-
Trade and other receivables		6,479	-
Deferred Tax Assets		1,499	-
Property, plant and equipment		8,554	-
Right Of Use Asset		9,128	2,104
Licence		-	1,194
Brand		-	1,458
Student Roster		-	1,892
Trade and other payables		(8,968)	-
Lease Liabilities		(11,231)	-
Other liabilities		(2,246)	-
Non-controlling interests		(1,539)	(2,316)
Net identifiable assets acquired		2,781	4,332
Goodwill arising on acquisition		10,818	(4,332)

(b) Summary of acquisition of Community College of the City University of Hong Kong

On 1 July 2015, controlled entities of the company, UOWC Ltd and UOWD Ltd, acquired a controlling interest in the Community College of City University Ltd, a Hong Kong company limited by guarantee. The company has been subsequently renamed UOW College Hong Kong ("UOWCHK"). UOWD Ltd and UOWC Ltd are members of UOWCHK, together with City University of Hong Kong. Under the UOWCHK Articles of Association, UOWD Ltd and UOWC Ltd control a majority of the appointments to the UOWCHK governing body, the Board of Management, and thereby ultimately control the decision-making authority of the UOWCHK entity.

On 1 July 2015 a formal Deed of Trust was executed whereby the City University of Hong Kong agreed to hold certain funds as trustee for UOWCHK. The Deed of Trust contains certain conditions for the release of the trust funds to UOWCHK. These conditions relate to activities being undertaken to transition UOWCHK as an education institution independent from its reliance on services and facilities of City University of Hong Kong. The trust period ends and the balance of the trust funds will be paid to UOWCHK on the date which UOWCHK has vacated all spaces currently utilised by UOWCHK on City University's Kowloon Tong campus. The trust funds and investments are disclosed as "Restricted", refer note 6 and note 10.

Restrictions on distribution

UOW College Hong Kong Ltd ("UOWCHK") is a not-for-profit educational institution and is exempt from Hong Kong company tax in accordance with the Hong Kong Companies and Inland Revenue Ordinances. The company's Articles of Association restrict the distribution of income and property of UOWCHK to the members of UOWCHK. Accordingly, the below net assets,

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which are incorporated within the Group's Statement of Financial Position, are not available for distribution to its immediate parent or ultimate holding entities.

32 Business combinations (continued)

(b) Summary of acquisition of Community College of the City University of Hong Kong (continued)

The directors have chosen to reflect the net financial position of UOWCHK within a separate reserve.

	Note	2020 \$000's	2019 \$000's
Assets			
Current Assets			
Cash & cash equivalents		50,836	52,867
Cash & cash equivalents - restricted		12,613	11,808
Trade and other receivables		6,922	5,247
Non-current Assets			
Other financial assets - restricted		67,443	164,744
Property, plant and equipment		85,839	1,562
Right-of-Use assets		25,026	23,467
Intangible assets		3,136	3,546
Total Assets		251,815	263,241
Liabilities			
Current liabilities			
Trade and other payables		2,894	4,927
Lease Liabilities		5,584	5,285
Provisions		823	711
Other liabilities		4,454	3,087
Non-current liabilities			
Lease Liabilities		20,947	18,982
Total Liabilities		34,702	32,992
Net Assets		217,113	230,249

33 Controlled entities

UOWGE Ltd
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	Company	
	2020 \$000's	2019 \$000's
Investments in subsidiaries at cost	16,373	13,935

Controlled entities	Country of incorporation	Percentage owned %	
		2020	2019
UOWD Ltd	Australia	100	100
UOWC Ltd	Australia	100	100
UOW College Hong Kong Ltd	Hong Kong	100	100
CCCU Trust	Hong Kong	100	100
University of Wollongong in Dubai FZ-LLC	United Arab Emirates	100	100
UOWM Sdn. Bhd.	Malaysia	100	100
UOW Malaysia KDU University College Sdn. Bhd.	Malaysia	65	65
UOW Malaysia KDU College Sdn. Bhd.	Malaysia	70	70
UOW Malaysia KDU Penang University College Sdn. Bhd.	Malaysia	65	65

34 Subsidiaries with Material Non-Controlling Interests

Subsidiaries that have non-controlling interests that are material to the reporting entity are listed below:

Name of entity	Principal place of business	Ownership interest/voting rights held by non-controlling interest		Profit or (loss) allocated to non-controlling interest		Accumulated non-controlling interests	
		2020 %	2019 %	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
UOW Malaysia KDU University College Sdn Bhd	Malaysia	35	35	274	248	3,585	2,005
UOW Malaysia KDU Penang University College Sdn Bhd	Malaysia	35	35	(119)	665	1,036	581
UOW Malaysia KDU College Sdn Bhd	Malaysia	30	30	(242)	(66)	(385)	(222)

Summarised financial information (before inter-company eliminations) for subsidiaries that have non-controlling interests that are material are disclosed below:

UOWGE Ltd
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	UOW Malaysia KDU University College Sdn Bhd		UOW Malaysia KDU Penang University College Sdn Bhd		UOW Malaysia KDU College Sdn Bhd	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Current Assets	6,603	5,186	3,031	6,261	760	648
Non-Current Assets	17,470	18,462	3,442	2,589	263	171
Total Assets	24,073	23,648	6,473	8,850	1,023	819
Current Liabilities	5,975	8,464	2,269	5,737	2,308	1,575
Non-Current Liabilities	7,854	9,455	1,244	1,453	-	-
Total Liabilities	13,829	17,919	3,513	7,190	2,308	1,575
Equity attributable to owners of the Parent	6,658	3,724	1,924	1,078	(900)	(529)
Non-controlling interest	3,585	2,005	1,036	581	(385)	(277)
Revenue and other income	18,402	6,454	9,581	3,987	1,541	750
Profit attributable to owners of the Parent	508	461	(220)	1,236	(566)	(154)
Profit attributable to non-controlling interest	274	248	(119)	665	(242)	(66)
Total profit	782	709	(339)	1,901	(808)	(220)
Other Comprehensive income attributable to owners of the Parent	(851)	(48)	(241)	1	95	5
Other Comprehensive income attributable to non-controlling interest	(298)	(26)	(84)	-	28	2
Total Other Comprehensive income	(1,149)	(74)	(325)	1	123	7
Net cash from operating activities	4,305	2,250	(2,934)	1,610	(955)	319
Net cash (used in) / from investing activities	(325)	(135)	(183)	2,488	(50)	(19)
Net cash (used in) / from financing activities	(3,264)	1,432	(135)	1,084	998	-
Net cash inflow	716	3,547	(3,252)	5,182	(7)	300

35 Related parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial year are Messrs. P Robson, G West, Prof. P Wellings, N Cornish, R Ryan, S Routledge, D Israel, Prof. J Chicharo, Prof. A Frino, W Gan, and M Mastroianni.

Details of key management personnel compensation are set out in note 25 to the financial statements.

Apart from the details disclosed in note 25, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Parent entity and ultimate parent company

The parent entity of the Group is UOWGE Ltd and the ultimate controlling entity of the Group is the University of Wollongong.

Transactions with the parent entity

The Group engaged the ultimate parent company to deliver course material for the Group's UOW College and UOW College

Hong Kong operations.

The Group also rents premises and uses services and facilities of the ultimate parent entity for its UOW College operations located in Building 30 and other locations. The Group also uses services and facilities of the ultimate parent entity for its Corporate operations.

The Group also paid interest to the parent entity for loans provided to the Group.

The Group enters into transactions with other entities controlled by the University of Wollongong.

Controlled entities

Refer to note 32 for details on controlled entities.

Transactions with controlled entities

The Company charges a corporate charge for management and administrative services provided to controlled entities.

The Company charges interest to controlled entities for loans provided and pays interest to controlled entities that have provided loans to the company.

Transactions

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are interest free and payable on demand.

35 Related parties (continued)

(b) Transactions with related parties (continued)

The aggregate amounts included in the profit before income tax expense that resulted from transactions with non-director related parties are:

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		Consolidated		Company	
	Note	2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Sales of goods and services					
Controlling entity		53	45	-	-
		53	45	-	-
Other Income					
Management and consulting fees					
Controlled entities		-	-	6,539	6,485
Interest Income					
Controlled entities		-	-	1,221	42
Total Other Income		-	-	7,760	6,527
Purchase of goods and services					
Department fees					
Controlling entity		1,093	1,183	-	-
Rent of buildings & equipment					
Controlling entity		624	624	-	-
Reimbursable utilities and services					
Controlling entity		813	387	131	73
Entity controlled by the controlling entity		10	34	-	-
Sponsorships					
Controlling entity		10	20	-	-
Total purchase of goods and services		2,550	2,248	131	73
Fees and charges					
Interest expense					
Controlling entity		753	177	753	177
Controlled entities		-	-	825	25
Total interest expense		753	177	1,578	202
Total expenditure		3,303	2,425	1,709	275

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

		Consolidated		Company	
	Note	2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Current receivables					
Controlling entity		83	742	4	-
Controlled entities		-	-	3,186	4,471
Non-current Receivables (loans)					
Controlled entities		-	-	28,500	7,500
Current payables					
Controlling entity		1,064	3,395	316	127
Controlled entities		-	-	-	25
Entity controlled by the controlling entity		5	7	-	-
Non-current Payables (loans)					
Controlling entity		28,955	13,955	28,955	13,955
Controlled entities		-	-	15,000	15,000

36 Subsequent events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects

UOWGE Ltd
Notes to the Financial Statements
For the year ended 31 December 2020

of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

37 Contingencies

There were no contingent assets or liabilities for the Group and the Company at 31 December 2020 (2019: nil).

End of audited financial statements

UOWC Ltd

ABN 14105312329

Financial Statements

For the Year Ended 31 December 2020

Financial Statements

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Directors' Report

The directors present their report together with the financial statements of UOWC Ltd ("the Company") for the year ended 31 December 2020 and the auditors' report thereon.

General information Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows: Directors were in office for this entire period unless otherwise stated.

Mr Damien Israel
Professor Alex Frino
Ms. Marisa Mastroianni

Company Secretary

Mr Peter Janu has been the Company Secretary since 1 January 2019. Mr Janu is the Company's Executive Director Commercial & Legal.

Company particulars

UOWC Ltd is incorporated in Australia. The address of the registered office is:
Building 39A
2 Northfields Avenue
University of Wollongong NSW 2522 Australia.

Principal activities

The principal activities of the Company during the course of the financial year were the delivery of higher education university pathway courses, English language and vocational educational and training programs ("UOW College").

UOW College is a registered Higher Education Provider (HEP) with the Tertiary Education Quality and Standards Agency (TEQSA) (registration renewed for a period of 7 years to April 2023) and a Registered Training Organisation (RTO) with the Australian Skills Quality Authority (ASQA) (registration renewed for a period of 7 years to May 2024). UOW College is also registered with TEQSA and ASQA to deliver courses to international students studying on Australian student visas and is listed on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS Provider Code: 02723D - CRICOS registration renewed until April 2023).

Review of operations

The profit from ordinary activities after income tax amounted to \$2,557,000 (2019: \$2,411,000).

The COVID-19 pandemic developed rapidly in 2020. Measures taken by the government to contain the virus have affected economic activity. The revenue of the company has been impacted by the restrictions on international students entering Australia. This has mainly impacted our English language, study tours and homestay departments. Academic international student numbers also declined but this was partially offset by increased domestic student numbers. Our Vocational business has been less impacted by COVID and continues to grow with increased students in existing programs and plans underway to add new programs in 2021.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. As a result of the greatly reduced student numbers in ELICOS in 2020 and into 2021, a number of cost saving measures have been implemented. Several ELICOS teachers have taken on teaching work within the Academic Program, and additional staff have elected to take a voluntary redundancy. This was a difficult decision for many of the staff who have made notable contributions to UOW College over the years. In addition to these measures other cost saving initiatives were put in place to offset lower revenue. The company also received JobKeeper for the period April to September. JobKeeper had a net positive impact on the result before tax of \$2,400,000.

Dividends

In respect of the financial year ended 31 December 2019, a total dividend of \$2,410,889 (120,544,443 cents per share) was paid to the holder of fully paid ordinary share on 27 May 2020.

No dividend for the financial year ended 31 December 2020 has been declared or paid.

State of affairs

There were no significant changes in the state of affairs of the Company that occurred during the year ended 31 December 2020.

Environmental regulation

The Company adheres to environmental regulation and standards at each of its operating locations. The Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

Events subsequent to reporting date

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the period are:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Damien Israel	4	4
Professor Alex Frino	4	4
Ms. Marisa Mastroianni	4	4

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officers

The Company, under its global insurance arrangements, has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company, through its Parent, has offered its Directors a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

Auditor's Independence declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the directors' report for the financial year ended 31 December 2020.

Rounding off

The Company has relied on the relief provided by ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of the Board of Directors:

Director:
Mr D Israel

Director:
Ms M Mastroianni

Dated 23 March 2021

Wollongong



To the Directors

UOWC Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOWC Ltd for the year ended 31 December 2020, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "D Ryan".

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 March 2021
SYDNEY

**Certificate under the Public Finance and Audit Act 1983
For the Year Ended 31 December 2020**

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWC Ltd as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director:
Mr D Israel

Director:
Ms M Mastroianni

Dated 23 March 2021

Wollongong

Directors' Declaration
For the Year Ended 31 December 2020

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWC Ltd as at the 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: 
Mr D Israel

Director: 
Ms M Mastroianni

Dated 23 March 2021

Wollongong



INDEPENDENT AUDITOR'S REPORT

UOWC Ltd

To Members of the New South Wales Parliament and Members of UOWC Ltd

Opinion

I have audited the accompanying financial statements of UOWC Ltd (the Company), which comprise the Directors' Declaration, the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 22 March 2021, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in grey ink, appearing to read 'D Ryan', with a stylized, cursive script.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

Start of audited financial statements
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

		2020	2019
		\$000's	\$000's
Revenue	2	18,626	24,630
Interest Income		886	479
Other income	3	<u>3,218</u>	<u>-</u>
		22,730	25,109
Employee related expenses		(13,284)	(12,835)
Depreciation and amortisation expense	4	(762)	(788)
Administration and site expenses		(416)	(534)
Marketing expenses		(1,852)	(3,364)
Other expenses		(2,456)	(3,151)
Finance costs	4	<u>(120)</u>	<u>(144)</u>
Profit before income tax		3,840	4,293
Income tax expense		<u>(1,283)</u>	<u>(1,882)</u>
Profit after income tax		<u>2,557</u>	<u>2,411</u>
Other comprehensive income:			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>2,557</u>	<u>2,411</u>

Statement of Financial Position
As At 31 December 2020

	Note	2020 \$000's	2019 \$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	10,346	11,844
Trade and other receivables	7	476	2,286
TOTAL CURRENT ASSETS		10,822	14,130
NON-CURRENT ASSETS			
Loan to controlling entity	28(b)	15,000	15,000
Property, plant and equipment	8	1,577	1,686
Right of use assets	11	1,907	2,429
Intangible assets	9	26	34
Deferred tax assets	10	1,308	1,164
TOTAL NON-CURRENT ASSETS		19,818	20,313
TOTAL ASSETS		30,640	34,443
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	3,822	4,834
Provisions	13	1,947	1,865
Lease liabilities	11	541	513
Contract assets & liabilities	14	5,043	7,572
TOTAL CURRENT LIABILITIES		11,353	14,784
NON-CURRENT LIABILITIES			
Lease liabilities	11	1,467	1,977
Provisions	16	107	115
TOTAL NON-CURRENT LIABILITIES		1,574	2,092
TOTAL LIABILITIES		12,927	16,876
NET ASSETS		17,713	17,567
EQUITY			
Issued capital	17	-	-
Retained earnings	18	17,713	17,567
TOTAL EQUITY		17,713	17,567

Statement of Cash Flows
For the Year Ended 31 December 2020

	2020	2019
Note	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers (inclusive of GST)	18,094	25,567
Government grants	3,218	-
Payments to suppliers and employees (inclusive of GST)	(20,445)	(23,077)
Interest paid	(120)	(144)
Net cash flows from operating activities	<u>747</u>	<u>2,346</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	8 (85)	(124)
Purchase of intangible assets	-	(38)
Interest received	772	479
Loans to related parties	-	(15,000)
Net cash flows from /(used in) investing activities	<u>687</u>	<u>(14,683)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal portion of lease payments	(521)	(486)
Dividend paid	(2,411)	(1,626)
Net cash flows used in investing activities	<u>(2,932)</u>	<u>(2,112)</u>
Net decrease in cash and cash equivalents	(1,498)	(14,449)
Cash and cash equivalents at beginning of the financial year	11,844	26,293
Cash and cash equivalents at end of the year	22(a) <u>10,346</u>	<u>11,844</u>

Statement of Changes in Equity
For the Year Ended 31 December 2020

2020

	Issued Capital \$000's	Retained Earnings \$000's	Total \$000's
Balance at 1 January 2020	-	17,567	17,567
Profit for the year	-	2,557	2,557
Dividends paid	-	(2,411)	(2,411)
Balance at 31 December 2020	-	17,713	17,713

2019

	Issued Capital \$000's	Retained Earnings \$000's	Total \$000's
Balance at 1 January 2019	-	16,782	16,782
Profit for the year	-	2,411	2,411
Dividends paid	-	(1,626)	(1,626)
Balance at 31 December 2019	-	17,567	17,567

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Company's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

For the purpose of financial reporting the Company is a for-profit entity.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 23 March 2021.

(b) Statement of compliance

The financial statements are presented in Australian Dollars which is the Company's functional currency and figures are rounded to the nearest thousand dollars (\$'000), or in certain cases the nearest dollar. The financial statements are prepared on a historical cost basis.

Comparatives are consistent with prior year unless otherwise stated.

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 1.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements and are consistent with prior reporting periods unless otherwise stated.

1 Summary of Significant Accounting Policies (continued)**(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(d) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

1 Summary of Significant Accounting Policies (continued)

(e) Other financial assets

(i) Other financial assets - current

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than \$1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation and amortisation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
• Leasehold improvements	5, 10 or duration of lease
• Plant and Equipment	10 to 33.33
• Furniture, Fixtures and Fittings	10 to 20
• Computer Equipment	33.33

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1 Summary of Significant Accounting Policies (continued)**(g) Intangibles****(i) Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight basis over the period that accreditation approval is given for.

Accreditation costs have a finite useful life. The period of accreditation approval is three to five years.

(iii) Other intangible costs

Other intangible costs are attributable to the purchase of web-sites, trademarks and customer/supplier lists required to operate a business. Other intangible costs have a finite useful life. The period of estimated life is five years.

(h) Employee benefits**(i) Wages, salaries and annual leave**

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Long service leave

The Company's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(i) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Restructuring

The Company recognises restructuring provisions when it is demonstrably committed to either terminating the employment of employees, according to a detailed formal plan, without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(j) Revenue

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

To determine whether to recognise revenue, the Company follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

(i) Tuition fees

Tuition fees, are course fees relating to the provision of educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial period. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract assets & Liabilities" – refer note 14.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Company also generates revenue from International Study Tours and other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial period. These other fees, earned during the current period are disclosed in note 2.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of value added tax.

Further disclosure on revenue is provided in note 2.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)**(j) Revenue (continued)****(ii) HELP payments**

Revenue from HELP are recognised at fair value where the Company obtains control of the right to receive the grant, it is probable that economic benefit will flow to the Company and it can be reliably measured.

The sale of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal (including incidental costs).

(k) Government grants

Government grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless conditions for receiving the grant are met after the related expenses have been recognised. In this case the grant is recognised when it becomes receivable.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO is classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(n) Income tax

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(n) Income tax (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Tax consolidation legislation

The Company and its parent entity, UOWGE Ltd, entered into a tax consolidation group under Australian taxation law effective from 1 January 2020.

The head entity, UOWGE Ltd, and the controlled entities in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

Charges or benefits arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. For cash flow purposes, these charges or benefits are regarded as non-cash transfers with UOWGE Ltd, the head entity in the tax consolidation group.

(o) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

1 Summary of Significant Accounting Policies (continued)

(q) Critical accounting estimates

The directors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(r) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Company has decided against early adoption of these standards.

The impact of the standards most relevant to the Company are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(s) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(t) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1 Summary of Significant Accounting Policies (continued)

(t) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

Trade receivables and contract assets impairment

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

1 Summary of Significant Accounting Policies (continued)

(t) Financial instruments (continued)

(iv) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(v) Financial liabilities

The financial liabilities of the Company comprise of trade & other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

(u) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and if that person:
 - a. has control or joint control of the Company;
 - b. has significant influences over the Company; or
 - c. is a member of the key management personnel of the Company or of a parent of the Company.

1 Summary of Significant Accounting Policies (continued)

(u) Related parties (continued)

(b) The party is an entity and if any of the following conditions apply:

- a. the entity and the Company are members of the same group;
- b. one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- c. the entity and the Company are joint ventures of the same party;
- d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- e. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- f. the entity is controlled or jointly controlled by a person identified in (a);
- g. a person identified in a(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity);
- h. the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company.
- i. Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements
For the Year Ended 31 December 2020

2 Revenue

An analysis of the Company's revenue for the year is as follows:

	2020	2019
Note	\$000's	\$000's
Australian Government Financial Assistance		
- Higher Education Loan Programmes – FEE-HELP	24 4,000	2,257
- Higher Education Loan Programmes – VET Student Loans	24 681	709
Total Australian Government Financial Assistance	4,681	2,966
Fees and Charges		
- Overseas students	8,511	15,704
- Domestic students	3,960	3,783
- Other courses and charges	1,117	1,228
Total tuition fees and charges	13,588	20,715
Other revenue		
Course Development – related parties	149	192
Other	208	757
Total Other revenue	357	949
Total Revenue	18,626	24,630
	2020	2019
	\$000's	\$000's
Timing of revenue recognition		
Revenue recognised over time	18,268	23,451
Revenue recognised at a point in time	358	1,179
Total Revenue	18,626	24,630
3 Other income		
	2020	2019
	\$000's	\$000's
Other Income		
JobKeeper subsidy	3,218	-
Total Other Income	3,218	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

4 Expenses

	Note	2020 \$000's	2019 \$000's
Depreciation			
- leasehold improvements	8	108	129
- plant and equipment	8	85	101
- computer equipment	8	1	2
- Right of use asset	11	560	546
Total depreciation		754	779
Amortisation			
- Accreditation	9	8	9
Total amortisation		8	9
Total depreciation and amortisation		762	788

The result for the year ended 31 December 2020 includes the following specific expenses

	2020 \$000's	2019 \$000's
Non capitalized equipment	5	3
Rental expenses relating to short term and low value leases	64	104
Interest expenses on lease liabilities	120	144
Impairment of other assets – movement of bad debt and doubtful costs	64	63

5 Income tax expense

- (a) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate

	2020 \$000's	2019 \$000's
Profit before income tax	3,840	4,293
Income tax using the domestic corporate tax rate of 30% (2019 – 30%)	1,152	1,288
Increase/(decrease) in income taxes due to:		
- Non-deductible expenses	385	604
- Non-assessable income	(248)	-
- Other deductible expenses	(2)	-
- (over)/under provided in prior periods	(4)	(10)
Total income tax expense	1,283	1,882

Notes to the Financial Statements
For the Year Ended 31 December 2020

5 Income tax expense (continued)

(b) Income tax expense consists of:

	2020 \$000's	2019 \$000's
Current tax	1,431	1,525
Deferred tax	(144)	366
Adjustment for current tax of prior periods	(4)	(9)
Total income tax expense	1,283	1,882

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2020 \$000's	2019 \$000's
Temporary differences	69	69
	69	69

Temporary differences do not expire under the current tax legislation. The deferred tax asset with respect to temporary differences has not been recognised because it is not probable that future taxable income will be available against which the tax consolidated group can utilise the benefits therefrom.

6 Current assets - Cash and cash equivalents

	2020 \$000's	2019 \$000's
Cash at bank and on hand	10,346	11,844
Cash at bank and on hand	10,346	11,844

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 26.

Notes to the Financial Statements
For the Year Ended 31 December 2020

7 Current assets- Trade and other receivables

	Note	2020 \$000's	2019 \$000's
Current			
Net receivables from related parties			
- UOW College Hong Kong Ltd	28(b)	-	18
- UOWD Ltd	28(b)	-	1,026
- University of Wollongong	28(b)	31	718
- UOWD FZ-LLC	28(b)	-	213
Other third parties		5	14
Students		347	289
Less: allowance for credit losses		(19)	(10)
		<u>364</u>	<u>2,268</u>
Other receivables		11	3
GST receivable		10	-
Prepayments		91	15
Total current trade and other receivables		<u>476</u>	<u>2,286</u>

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms.

The ageing analysis of these receivables is as follows:

	2020 \$000's	2019 \$000's
0 - 30 days	-	1
31 - 60 days	-	1
61 - 90 days	3	2
91+ days	16	6
	<u>19</u>	<u>10</u>

Allowance for credit loss

A credit loss of \$64,000 (2019: \$63,000) has been recognised by the Company for the current period. These amounts have been included in the "other expense" line item on the statement of profit or loss and other comprehensive income. No individual amount within the allowance is material.

Movement in the allowance for credit losses:

	2020 \$000's	2019 \$000's
Balance at 1 January	10	14
Credit losses for the year	64	63
Amounts written off	(55)	(67)
Balance at 31 December	<u>19</u>	<u>10</u>

Notes to the Financial Statements
For the Year Ended 31 December 2020

7 Current assets- Trade and other receivables (continued)**(b) Past due but not impaired**

At 31 December, the ageing analysis of trade receivables is as follows:

	2020	2019
	\$000's	\$000's
0 - 30 days	27	2,002
31 - 60 days	46	123
61 - 90 days	106	77
91+ days	185	66
	364	2,268

Trade receivables are non-interest bearing and are generally on a 30 day term.

Receivables past due but not considered impaired are \$337,000 for the Company (2019: \$266,000). Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

Notes to the Financial Statements
For the Year Ended 31 December 2020

8 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Year ended 31 December 2020					
Opening net book amount	-	1,425	258	3	1,686
Additions	35	45	5	-	85
Depreciation charge	-	(108)	(85)	(1)	(194)
Balance at 31 December 2020	35	1,362	178	2	1,577
At 31 December 2020					
Cost	35	1,717	478	17	2,247
Accumulated depreciation	-	(355)	(300)	(15)	(670)
Net book amount	35	1,362	178	2	1,577

2019

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Year ended 31 December 2019					
Opening net book amount	141	1,901	322	4	2,368
Additions	47	4	71	2	124
Disposals – written down value	(64)	(358)	(151)	(1)	(574)
Assets commissioned for use	(124)	7	117	-	-
Depreciation charge	-	(129)	(101)	(2)	(232)
Balance at 31 December 2019	-	1,425	258	3	1,686
At 31 December 2019					
Cost	-	1,672	473	17	2,162
Accumulated depreciation	-	(247)	(215)	(14)	(476)
Net book amount	-	1,425	258	3	1,686

Notes to the Financial Statements
For the Year Ended 31 December 2020

9 Non-current assets - Intangible assets

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

2020

	Computer Software	Accreditation costs	Total
	\$000's	\$000's	\$000's
Year ended 31 December 2020			
Opening Net Book Value	-	34	34
Disposals	-	-	-
Additions	-	-	-
Amortisation charge	-	(8)	(8)
Balance at 31 December 2020	-	26	26
At 31 December 2020			
Cost	16	38	54
Accumulated amortisation	(16)	(12)	(28)
Net book amount	-	26	26

2019

	Computer Software	Accreditation costs	Total
	\$000's	\$000's	\$000's
Year ended 31 December 2019			
Opening Net Book Value	-	5	5
Disposals	-	-	-
Additions	-	38	38
Amortisation charge	-	(9)	(9)
Balance at 31 December 2019	-	34	34
At 31 December 2019			
Cost	16	38	54
Accumulated amortisation	(16)	(4)	(20)
Net book amount	-	34	34

Notes to the Financial Statements
For the Year Ended 31 December 2020

10 Deferred tax assets

The balance comprises temporary differences attributable to:

	2020	2019
	\$000's	\$000's
Unearned income	361	346
Property, plant and equipment	127	111
Accruals	191	48
Trade and other receivables	(37)	3
Provisions	598	585
Other	38	53
Leased assets	30	18
Total deferred tax assets	1,308	1,164

11 Leases**Company as a lessee**

The Company has leases over a range of assets including buildings and vehicles. Information relating to the leases in place and associated balances and transactions are provided below.

*Terms and conditions of leases**Buildings*

The Company leases buildings for their academic facilities and classrooms and for admin staff, the lease is for 5.5 years (with 3.5 years remaining at 31/12/2020). The rent for the buildings will be revised on 1 January of each year based on CPI. The lease does not contain an enforceable extension option.

Vehicles

The Company leases vehicles with lease terms varying from 0 - 3 years, the lease payments are fixed during the lease term.

Notes to the Financial Statements
For the Year Ended 31 December 2020

11 Leases (continued)**(a) Right-of-use assets****2020****Year ended 31 December 2020**

Balance at the beginning of the year

Additions to right-of-use assets

Depreciation charge

Balance at 31 December 2020

Buildings	Motor Vehicles	Total
\$000's	\$000's	\$000's
2,397	32	2,429
38	-	38
(542)	(18)	(560)
1,893	14	1,907

2019**Year ended 31 December 2019**

Balance at the beginning of the year

Depreciation charge

Additions to right-of-use assets

Balance at 31 December 2019

Buildings	Motor Vehicles	Total
\$000's	\$000's	\$000's
2,927	20	2,947
(530)	(16)	(546)
-	28	28
2,397	32	2,429

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	2020	2019
	\$000's	\$000's
< 1 year	633	631
1-5 years	1,563	2,162
> 5 years	-	-
Total undiscounted lease liabilities	2,196	2,793
Lease liabilities include in the statement of financial position		
Current	541	513
Non-current	1,467	1,977
	2,008	2,490

Notes to the Financial Statements
For the Year Ended 31 December 2020

11 Leases (continued)**(c) Statement of Comprehensive Income**

The amounts recognised in the statement of comprehensive income relating to leases where the Company is a lessee are shown below:

	2020	2019
	\$000's	\$000's
Interest expense on lease liabilities	120	144
Expenses relating to short term leases	64	20
Expenses relating to leases of low-value assets	-	84
Depreciation of right-of-use assets	560	546
	<u>744</u>	<u>794</u>

(d) Statement of Cash Flows

	2020	2019
	\$000's	\$000's
Total cash outflow for leases	705	733

12 Current liabilities – Trade and other payables

		2020	2019
	Note	\$000's	\$000's
Trade payables		1	73
Payable to University of Wollongong	28(b)	332	2,419
Payable to UOW Pulse Ltd	28(b)	5	7
Payable to UOWGE Ltd	28(b)	1,200	1,618
GST payable		-	7
Non-trade payables and accruals		2,284	710
Balance at 31 December		<u>3,822</u>	<u>4,834</u>

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 26.

Notes to the Financial Statements
For the Year Ended 31 December 2020

13 Current liabilities – Provisions

	2020 \$000's	2019 \$000's
Provision for annual leave	903	837
Provision for long service leave	1,044	1,012
Provision for restructuring (a)	-	16
	<u>1,947</u>	<u>1,865</u>

The current provision for the Company includes \$328,000 annual leave entitlements accrued but not expected to be taken within 12 months (2019: \$324,000).

The current provision for the Company includes \$637,000 of long service leave accrued but not expected to be taken within 12 months (2019: \$618,000).

(a) The movement in the provision for restructuring is as follows:

	2020 \$000's	2019 \$000's
Opening balance at 1 January	16	102
Additional provision	-	16
Provision used	(16)	(91)
Provision reversed	-	(11)
Balance at 31 December	<u>-</u>	<u>16</u>

14 Current liabilities - Contract assets & liabilities

	2020 \$000's	2019 \$000's
Contract assets	(23)	(213)
Contracted income and amounts received in advance	5,066	7,785
Net Contract liabilities	<u>5,043</u>	<u>7,572</u>

15 Financing arrangements

The Company has access to the following lines of credit with National Australia Bank, as at 31 December:

	2020 \$000's	2019 \$000's
Credit Card Facility		
Available facility	50	50
Used at balance date	(11)	(1)
Unused at balance date	<u>39</u>	<u>49</u>

The line of credit is secured by way of a Registered Mortgage Debenture over the assets and undertakings of UOWC Ltd and UOWGE Ltd, including goodwill and uncalled capital and called but unpaid capital.

Notes to the Financial Statements
For the Year Ended 31 December 2020

16 Non-current liabilities - Provisions

	2020 \$000's	2019 \$000's
Provision for long service leave	107	115
	107	115

17 Issued capital**(a) Ordinary shares**

	2020 No. & \$	2019 No. & \$
At the beginning and end of the year	2	2

Fully paid ordinary shares carry one vote per share and the right to dividends. The shares are held by the UOWGE Ltd. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

(b) Capital management

When managing capital, the Board of Director's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors has no current plans to issue further shares to its shareholder. The Company currently manages issued capital of \$2.

The Company is not subject to any externally imposed capital requirements.

18 Retained earnings

	2020 \$000's	2019 \$000's
Balance at 1 January	17,567	16,782
Profit/ for the year	2,557	2,411
Dividend paid	(2,411)	(1,626)
Balance at 31 December	17,713	17,567

19 Dividends

In respect of the financial year ended 31 December 2019, a total dividend of \$2,410,889 (120,544,443 cents per share) was paid to the holder of fully paid ordinary share on 27 May 2020.

No dividend for the financial year ended 31 December 2020 has been declared or paid.

Notes to the Financial Statements
For the Year Ended 31 December 2020

20 Auditors remuneration

	2020	2019
	\$	\$
Auditors of the company		
The Audit Office of New South Wales	43,250	43,250
Total remuneration for audit and other assurance services	43,250	43,250

21 Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

Mr D Israel
Professor A Frino
Ms M Mastroianni

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Directors	Position
Mr G Drummond*	Chief Financial Officer/Executive Director Corporate Services
Ms J Stuart*	Executive Director People and Culture
Ms K McCollim*	Executive Director Business Transformation
Mr P Janu*	Executive Director Legal and Commercial
Mr F Lanceley	General Manager UOW College

* Employed by UOWC Ltd until 31 July 2019. Employed by UOWGE Ltd from 1 August 2019.

In addition to their salaries, the Company also provides non-cash benefits to the executive officers, and contributes to a post-employment defined contributions plan on their behalf.

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2020	2019
	\$	\$
Short-term employment benefits	149,048	1,023,879
Post-employment benefits	18,631	75,533
	167,679	1,099,412

(b) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Company, including their personally related parties.

Notes to the Financial Statements
For the Year Ended 31 December 2020

22 Statement of cash flow reconciliation**(a) Reconciliation to cash and cash equivalents at 31 December 2020**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2020 \$000's	2019 \$000's
As per the Statement of Financial Position			
Cash and cash equivalents	6	<u>10,346</u>	<u>11,844</u>
Total reserves		<u>10,346</u>	<u>11,844</u>

(b) Reconciliation of profit for the period to net cash flows from operating activities

Profit for the period after income tax	2,557	2,411
<i>Adjustments for:</i>		
Depreciation and amortisation expense	762	788
Non-cash income tax expense	1,283	1,516
Interest income	<u>(886)</u>	<u>(479)</u>
Operating profit before change in assets and liabilities	3,716	4,236
(Increase) / decrease in trade and other receivables	1,810	2,156
(Increase) / decrease in deferred tax assets	-	366
Increase / (decrease) in trade and other payables	(2,324)	(3,332)
Increase / (decrease) in provisions	74	(768)
(Increase) / decrease in contract assets & liabilities	<u>(2,529)</u>	<u>(312)</u>
Net cash flows from operating activities	<u>747</u>	<u>2,346</u>

Notes to the Financial Statements
For the Year Ended 31 December 2020

23 Capital commitments

No capital expenditure is contracted for at the reporting date that is not recognised as liabilities:

24 Acquittal of Australian Government financial assistance

	Note	FEE-HELP		VET Student Loans		Total	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Cash (receivable)/payable at the beginning of the year		(62)	147	-	(31)	(62)	116
Financial assistance received in cash during the year		5,004	2,048	661	740	5,665	2,788
Cash available for the year		4,942	2,195	661	709	5,603	2,904
Revenue earned		4,000	2,257	681	709	4,681	2,966
Cash (receivable)/payable at the end of the year		942	(62)	(20)	-	922	(62)

25 Economic dependency

UOW College is highly dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses, and is a key source of qualified international students for the University of Wollongong, once students have completed their College preparation courses.

26 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Notes to the Financial Statements
For the Year Ended 31 December 2020

26 Financial risk management (continued)

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2020 \$000's	2019 \$000's
Education	352	304
Related Parties	31	1,974
	<u>383</u>	<u>2,278</u>

Credit risk is managed at group level subject to the Company's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

Notes to the Financial Statements
For the Year Ended 31 December 2020

26 Financial risk management (continued)**(b) Liquidity risk (continued)***Maturity analysis – non-derivative*

	Within 1 year 2020 \$000's	1 to 5 years 2020 \$000's	Over 5 years 2020 \$000's	Total 2020 \$000's
2020				
Financial Assets				
Cash and cash equivalents	10,350	-	-	10,350
Trade and other receivables	371	-	-	371
Loan to parent	-	15,000	-	15,000
	10,721	15,000	-	25,721
Financial Liabilities				
Trade and other payables	(3,822)	-	-	(3,822)
Lease liabilities	(633)	(1,563)	-	(2,196)
	(4,455)	(1,563)	-	(6,018)
Net Exposure	6,266	13,437	-	19,703
	Within 1 year 2019 \$000's	1 to 5 years 2019 \$000's	Over 5 years 2019 \$000's	Total 2019 \$000's
2019				
Financial Assets				
Cash and cash equivalents	11,848	-	-	11,848
Trade and other receivables	2,267	-	-	2,267
Loan to parent	-	15,000	-	15,000
	14,115	15,000	-	29,115
Financial Liabilities				
Trade and other payables	(4,834)	-	-	(4,834)
Lease liabilities	(631)	(2,162)	-	(2,793)
	(5,465)	(2,162)	-	(7,627)
Net Exposure	8,650	12,838	-	21,488

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

Notes to the Financial Statements
For the Year Ended 31 December 2020

26 Financial risk management (continued)**(c) Market risk (continued)****(i) Foreign exchange risk (continued)**

At 31 December 2020, the Company had no exposure to foreign currency denominated trade and other receivables (2019: nil).

The Company does not currently use any hedging instruments when dealing with interest rates.

The Company operates a treasury policy which directs excess cash reserves to be placed in short term fixed interest rate term deposits. At the reporting date \$2,000,000 (2019: \$5,500,000) is in Australian short term deposits with interest rates of 0.82% (2019: 1.6%).

At the reporting date, the only financial asset the Company has that it is exposed to Australian variable interest rate risk is cash and cash equivalents. The value at the reporting date is \$8,347,000 (2019: \$6,343,000).

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

		+25bps		-25bps	
	Carrying amount	Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's
31 December 2020					
Cash and cash equivalents	8,347	15	15	(15)	(15)
Total		15	15	(15)	(15)
31 December 2019					
Cash and cash equivalents	6,343	11	11	(11)	(11)
Total		11	11	(11)	(11)

Significant assumptions used in the interest rate sensitivity analysis includes:

- Acknowledge the Company has significant amounts of cash and cash equivalents in short term fixed interest rate deposits.
- At the beginning of 2020, the Reserve Bank of Australia cash rate was 0.75%. At the end of 2020 the cash rate was at 0.10%.
- Current interest earned on cash balances is zero.

27 Business combinations

On 1 July 2015 UOWD Ltd and the Company acquired a controlling interest in CCCU Ltd (subsequently renamed UOW College Hong Kong Ltd), a Hong Kong company limited by guarantee. The Company is a Member of UOW College Hong Kong Ltd, together with UOWD Ltd and City University of Hong Kong. Under UOW College Hong Kong Ltd's Articles of Association, UOWD Ltd and the Company control a majority of the appointments to the UOW College Hong Kong Ltd's current governing body, the Board of Management, and thereby ultimately control the decision making authority of the UOW College Hong Kong Ltd entity.

The Company does not, in itself control UOW College Hong Kong Ltd. UOW College Hong Kong Ltd is a related party of the Company as it is under the common control of UOWGE Ltd. Related party transactions and balances are disclosed in note 27.

**Notes to the Financial Statements
For the Year Ended 31 December 2020****28 Related parties****(a) Transactions with key management personnel**

The names of each person holding the position of directors of UOWC Ltd during the year ended 31 December 2020 are Mr D Israel, Prof. A Frino, and Ms M Mastroianni.

No director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties*Non-director related parties*

The classes of non-director related parties are:

- Controlling entity of the Company – UOWGE Ltd
- Ultimate controlling entity of the Company – University of Wollongong

Transactions with the related entity

All transactions with non-director related parties are on normal terms and conditions

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

UOWGE Ltd provides management and transitional services to UOWD-FZ LLC. These services are passed through the Company on commercial terms.

The Company receives income from the controlling entity for course development.

The Company receives funding from the University of Wollongong for scholarships for students at UOW College.

The Company enters into transactions with other entities controlled by the University of Wollongong, including UOW Pulse for the provision of sport and recreation facilities, and for use of their conference facilities and bookshop.

Notes to the Financial Statements
For the Year Ended 31 December 2020

28 Related parties (continued)**(b) Transactions with related parties (continued)***Transactions*

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are interest free and payable on demand.

The aggregate amounts included in the profit/loss for the financial period that resulted from transactions with non-director related parties are:

	Note	2020 \$000's	2019 \$000's
Sales of goods and services			
- Ultimate controlling entity of the Company		53	45
- Entity owned by the controlling entity of the Company		149	192
Total revenue		<u>202</u>	<u>237</u>
Other Income			
Interest Income			
- Controlling entity of the Company		825	25
Total Other Income		<u>825</u>	<u>25</u>
Total Income		<u>1,027</u>	<u>262</u>
Purchase of goods and services			
Management fees			
- Controlling entity of the Company		1,265	1,377
Department fees			
- Ultimate controlling entity of the Company		579	578
Fees and charges			
- Entities owned by the ultimate controlling entity of the Company		10	34
Rent of buildings & equipment			
- Ultimate controlling entity of the Company		624	624
Reimbursable utilities and services			
- Ultimate controlling entity of the Company		245	296
Sponsorships			
- Ultimate controlling entity of the Company		10	20
Total Expenditure		<u>2,733</u>	<u>2,929</u>

Notes to the Financial Statements
For the Year Ended 31 December 2020

28 Related parties (continued)**(b) Transactions with related parties (continued)**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Note	2020 \$000's	2019 \$000's
Current receivables (sales of goods and services)			
- Ultimate controlling entity of the Company	6	31	718
- Entity owned by the ultimate controlling entity of the Company	6	-	1,257
Non-Current receivables (loans)			
- Controlling entity of the Company (a)		15,000	15,000
Current payables (purchase of good and services)			
- Ultimate controlling entity of the Company	11	332	2,419
- Entity owned by the ultimate controlling entity of the Company	11	5	7
- Controlling entity of the Company	11	1,200	1,618

(a) The loan is interest bearing with an interest rate of 5.5% and is repayable on demand.

29 Subsequent events

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

30 Contingencies

There were no contingent assets or liabilities for the Company and the Company at 31 December 2020 (2019: nil).

End of audited financial statements

UOWD Ltd and its controlled entities

ABN 77 002 882 064

Financial Statements

For the Year Ended 31 December 2020

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Directors' Report

The directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of UOWD Ltd and the entities it controlled at the end of, or during the year ended 31 December 2020.

General information Directors

The names of the directors of UOWD Ltd (referred to hereafter as the "Company") during the financial year and until the date of this report are as follows:

Mr Robert Ryan
Professor Joe Chicharo
Professor Alex Frino
Ms. Marisa Mastroianni

Directors were in office for this entire period unless otherwise stated.

Company Secretary

Mr Peter Janu has been the Company Secretary since 6 December 2018. Mr Janu is the Company's Executive Director Commercial & Legal.

Company particulars

UOWD Ltd is incorporated in Australia. The address of the registered office is:
Building 39A
2 Northfields Avenue
University of Wollongong NSW 2522 Australia.

Principal activities

The principal activities of the Group during the course of the financial year was the provision of education services which enabled it to add value to the strategic goals and objectives of the University of Wollongong.

The primary activity area is in the delivery of university education offshore (University of Wollongong in Dubai).

Review of operations

The consolidated loss after tax amounted to \$1,680,000 (2019: profit of \$13,834,000).

The COVID-19 pandemic has resulted in lower revenue from marginally lower Academic student numbers, significantly lower English language student numbers, reduced number of English language tests being conducted due to a Campus closure and a significant decline in overseas students staying in the student residences.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. Cost saving measures were put in place to offset the loss in revenue.

During the year we completed the fit out of the new Campus. All staff and students moved to the new Campus in July 2020.

The operating profit after income tax of the Company for the year amounted to \$9,651,000 (2019: \$14,238,000).

The result for the Company is positively impact by the unrealised gain on the investment in Education Australia Ltd of \$8,364,000 (2019: \$18,101,000).

Dividends

In respect of the financial year ended 31 December 2020 a dividend of \$3,200,000 (160,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares on 11 December 2020.

In respect of the financial year ended 31 December 2019 a dividend of \$8,000,000 (400,000,000 cents per share) unfranked was paid to the holder of fully paid ordinary share on 19 June 2019.

In respect of the financial year ended 31 December 2019 a dividend of \$3,000,000 (150,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares on 19 August 2019.

In respect of the financial year ended 31 December 2019 a dividend of \$11,500,000 (575,000,000 cents per share) unfranked, was paid to the holder of fully paid ordinary shares in 3 installments on 11 November 2019 (\$7,250,000), 27 November 2019 (\$3,250,000) and 17 December 2019 (\$1,000,000).

State of affairs

There were no significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2020.

Environmental regulation

The Group adheres to environmental regulation and standards at each of its operating locations. The Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Group.

Events subsequent to reporting date

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the period are:

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Robert Ryan	1	1
Professor Joe Chicharo	1	1
Professor Alex Frino	1	-
Ms. Marisa Mastroianni	1	1

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officers

The Company, under its global insurance arrangements, has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company, through its Parent, has offered its Directors a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

Auditor's Independence declaration

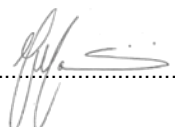
The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the directors' report for the financial year ended 31 December 2020.

Rounding off

The Group has relied on the relief provided by ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the legislative instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Mr R Ryan

Director: 
Ms M Mastroianni

Dated 24 March 2021

Wollongong



To the Directors

UOWD Ltd

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOWD Ltd and its controlled entities for the year ended 31 December 2020, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in grey ink that reads "D. Ryan".

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

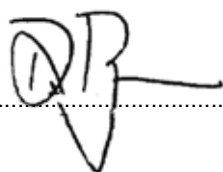
22 March 2021
SYDNEY

**Certificate under the Public Finance and Audit Act 1983
For the Year Ended 31 December 2020**


Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWD Ltd and its controlled entities as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director: 

Mr R Ryan

Director: 

Ms M Mastroianni

Dated 24 March 2021

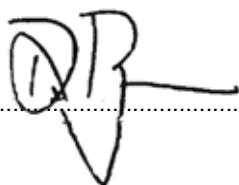
Wollongong


Directors' Declaration
For the Year Ended 31 December 2020

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWD Ltd and its controlled entities as at the 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: 
Mr R Ryan

Director: 
Ms M Mastroianni

Dated 24 March 2021

Wollongong



INDEPENDENT AUDITOR'S REPORT

UOWD Ltd

To Members of the New South Wales Parliament and Members of UOWD Ltd

Opinion

I have audited the accompanying financial statements of UOWD Ltd (the Company), which comprise the Directors' Declaration of the Company and the consolidated entity, the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2020 and of their performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 22 March 2021, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Company and the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D Ryan', in dark ink.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

Start of audited financial statements
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

		Consolidated		Company	
		2020	2019	2020	2019
	Note	\$000's	\$000's	\$000's	\$000's
Revenue	2	45,250	48,287	-	15,812
Other income	2	12,267	19,058	12,252	19,058
Total revenue and other income		57,517	67,345	12,252	34,870
Employee related expenses		(24,473)	(23,969)	-	(8,128)
Depreciation and amortisation expense	3	(11,324)	(1,886)	-	(389)
Administration and site expenses		(6,384)	(11,548)	-	(3,702)
Marketing expenses		(3,022)	(2,903)	-	(1,226)
Other expenses		(6,050)	(7,633)	(42)	(2,033)
Finance costs	3	(5,385)	(417)	-	1
Profit / (loss) before income tax		879	18,989	12,210	19,393
Income tax expense	4	(2,559)	(5,155)	(2,559)	(5,155)
Profit / (loss) after income tax		(1,680)	13,834	9,651	14,238
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation	19(a)	(2,458)	(326)	-	(14)
Total other comprehensive income for the year, net of tax		(2,458)	(326)	-	(14)
Total comprehensive income for the year		(4,138)	13,508	9,651	14,224
Profit/(loss) attributable to:					
Owners of UOWD Ltd		(1,680)	13,834	9,651	14,238
Total comprehensive income attributable to:					
Owners of UOWD Ltd		(4,138)	13,508	-	14,224

Statement of Financial Position
As At 31 December 2020

		Consolidated		Company	
		2020	2019	2020	2019
	Note	\$000's	\$000's	\$000's	\$000's
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	2,275	7,421	190	277
Trade and other receivables	6	5,301	4,999	-	1,105
TOTAL CURRENT ASSETS		7,576	12,420	190	1,382
NON-CURRENT ASSETS					
Investment in subsidiaries		-	-	19	19
Other financial assets	7	49,384	41,020	49,384	41,020
Property, plant and equipment	8	28,773	10,001	-	-
Right-of-use assets	10	61,430	74,257	-	-
Intangible assets	9	354	413	-	-
TOTAL NON-CURRENT ASSETS		139,941	125,691	49,403	41,039
TOTAL ASSETS		147,517	138,111	49,593	42,421
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	3,722	3,704	391	2,008
Provisions	12	5,552	7,187	-	-
Lease liabilities	10	9,463	3,063	-	-
Contract liabilities	13	4,238	4,814	-	-
TOTAL CURRENT LIABILITIES		22,975	26,268	391	2,008
NON-CURRENT LIABILITIES					
Lease liabilities	10	59,598	70,332	-	-
Related party borrowings	15	28,500	7,500	-	-
Deferred tax liabilities	16	14,628	12,290	14,628	12,290
Provisions	17	1,772	1,839	-	-
TOTAL NON-CURRENT LIABILITIES		104,498	84,461	14,628	12,290
TOTAL LIABILITIES		127,473	110,729	15,019	14,298
NET ASSETS		20,044	27,382	34,574	28,123
EQUITY					
Issued capital	18	-	-	-	-
Reserves	19(a)	(3,987)	(1,529)	(1,190)	(1,190)
Retained earnings	19(b)	24,031	28,911	35,764	29,313
TOTAL EQUITY		20,044	27,382	34,574	28,123

The accompanying notes form part of these financial statements

Statement of Cash Flows
For the Year Ended 31 December 2020

		Consolidated		Company	
		2020	2019	2020	2019
	Note	\$000's	\$000's	\$000's	\$000's
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from students and other customers (inclusive of GST)		43,101	50,912	-	17,613
Payments to suppliers and employees (inclusive of GST)		(40,489)	(49,278)	(1,208)	(11,687)
Income taxes paid		(137)	(536)	(137)	(1,376)
Interest paid		(1,172)	(92)	-	-
Net cash flow from/(used in) operating activities	23(b)	1,303	1,006	(1,345)	5,880
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(25,134)	(8,092)	-	(853)
Purchase of intangible assets		(36)	(183)	-	-
Interest received		8	387	8	387
Dividend received		4,450	1,900	4,450	1,900
Proceeds from sale of PP&E		15	-	-	-
Capital injection		-	-	-	(19)
Cash transferred to new subsidiary		-	-	-	(10,338)
Loss of control of a subsidiary		-	(87,114)	-	-
Net cash flow from/(used in) investing activities		(20,697)	(93,102)	4,458	(8,923)
CASH FLOW FROM FINANCING ACTIVITIES					
Principal portion of lease payments		(2,358)	(65)	-	-
Loan from UOWGE Ltd		21,000	7,500	-	-
Dividends paid		(3,200)	(22,500)	(3,200)	(22,500)
Net cash flow from/(used in) financing activities		15,442	(15,065)	(3,200)	(22,500)
Net decrease in cash and cash equivalents		(3,952)	(107,161)	(87)	(26,873)
Cash and cash equivalents at beginning of the financial year		7,421	114,264	277	27,150
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,194)	318	-	-
Cash and cash equivalents at end of the financial year	23(a)	2,275	7,421	190	277

Statement of Changes in Equity
For the Year Ended 31 December 2020

		Issued capital	Company Foreign currency translation reserve	Retained earnings	Total equity
	Note	\$000's	\$000's	\$000's	\$000's
2020					
Balance at 1 January 2020		-	(1,190)	29,313	28,123
Profit for the year	19(b)	-	-	9,651	9,651
Comprehensive income for the year	19(a)	-	-	-	-
Dividends paid	20	-	-	(3,200)	(3,200)
Balance at 31 December 2020		-	(1,190)	35,764	34,574

		Issued capital	Company Foreign currency translation reserve	Retained earnings	Total equity
	Note	\$000's	\$000's	\$000's	\$000's
2019					
Balance at 1 January 2019		-	(1,204)	37,575	36,371
Profit for the year	19(b)	-	-	14,238	14,238
Comprehensive income for the year	19(a)	-	14	-	14
Dividends paid	20	-	-	(22,500)	(22,500)
Balance at 31 December 2019		-	(1,190)	29,313	28,123

		Issued capital	Consolidated Foreign currency translation reserve	Retained earnings	Total equity
	Note	\$000's	\$000's	\$000's	\$000's
2020					
Balance at 1 January 2020		-	(1,529)	28,911	27,382
Loss for the year	19(b)	-	-	(1,680)	(1,680)
Comprehensive income for the year	19(a)	-	(2,458)	-	(2,458)
Dividends paid	20	-	-	(3,200)	(3,200)
Balance at 31 December 2020		-	(3,987)	24,031	20,044

		Issued capital	Consolidated Foreign currency translation reserve	UOWCHK Ltd Reserve	Retained earnings	Total equity
	Note	\$000's	\$000's	\$000's	\$000's	\$000's
2019						
Balance at 1 January 2019		-	(559)	210,337	53,715	263,493
Profit for the year	19(b)	-	-	-	13,834	13,834
Other comprehensive income	19(a)	-	(326)	-	-	(326)
Dividends paid	20	-	-	-	(22,500)	(22,500)
Decrease through loss of control		-	(644)	(210,337)	(16,138)	(227,119)
Balance at 31 December 2019		-	(1,529)	-	28,911	27,382

The accompanying notes form part of these financial statements

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Group's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Group and Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

For the purpose of financial reporting the Company is a for-profit entity.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 24 March 2021.

(b) Statement of compliance

The financial statements are prepared on the historical cost basis except for other financial assets which have been measured at fair value.

The financial statements are presented in Australian Dollars which is the Group's functional currency and figures are rounded to the nearest thousand dollars (\$'000), or in certain cases the nearest dollar.

Comparatives are consistent with prior year unless otherwise stated.

The financial statements of the Group comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 1.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements and are consistent with prior reporting periods unless otherwise stated.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UOWD Ltd at the end of the reporting period. A controlled entity is any entity over which UOWD Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

1 Summary of Significant Accounting Policies (continued)

(c) Principles of consolidation (continued)

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 28 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Non-controlling interest not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of UOWD Ltd.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(e) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred. At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 Summary of Significant Accounting Policies (continued)**(e) Leases (continued)***Exceptions to lease accounting*

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Other financial assets**(i) Other financial assets - current**

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(ii) Other financial assets - non-current*Classification of other financial assets - non-current*

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unlisted shares held by the Group are classified as being other financial assets in the statement of financial position. After initial recognition they are stated at fair value, with any resultant gain or loss being recognised in the statement of profit or loss.

Dividends on unlisted shares are recognised in the statement of profit or loss when the Group's right to receive payment is established.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than \$1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Subsequent additional costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

1 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

(ii) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
• Leasehold Improvements	5, 10 or duration of lease
• Plant and Equipment	10 to 33.33
• Computer Equipment	33.33

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(h) Intangibles

(i) Purchased software

Purchased software is recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the estimated useful life. It has an estimated useful life of five years.

(ii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight basis over the period that accreditation approval is given for. Accreditation costs have a finite useful life. The period of accreditation approval is three to five years.

(iii) Other intangible costs

Other intangible costs are attributable to the purchase of web-sites, trademarks and customer/supplier lists required to operate a business. Other intangible costs have a finite useful life. The period of estimated life is five years.

(i) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

1 Summary of Significant Accounting Policies (continued)

(i) Employee benefits (continued)

(ii) Long service leave

The Group's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Site restoration

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period. The amount of the provision for future restoration costs is capitalised and is depreciated in accordance with the Group's depreciation and amortisation policy. The unwinding of the effect of discounting on provision is recognised as a finance cost.

(k) Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as discussed below.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

(i) Tuition fees

Tuition fees, are course fees relating to the provision of educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Group to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Group expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial period. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract assets & Liabilities" – refer note 13.

1 Summary of Significant Accounting Policies (continued)

(k) Revenue and other income (continued)

(i) Tuition fees (continued)

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Group also generates revenue from International Study Tours and other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial period. These other fees, earned during the current period are disclosed in note 2.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of value added tax.

Further disclosure on revenue is provided in note 2.

(ii) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(iii) Dividend income

Dividend income is recognised when the right to receive a dividend has been established.

(l) Goods and Services & Value Added Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Foreign currency

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

1 Summary of Significant Accounting Policies (continued)

(m) Foreign currency (continued)

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

(iii) Translation of controlled foreign operations

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in the statement of profit or loss and other comprehensive income on disposal of the foreign operation.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(n) Income tax

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(i) Tax consolidation legislation

The Group and its parent entity, UOWGE Ltd, entered into a tax consolidation group under Australian taxation law effective from 1 January 2019.

The head entity, UOWGE Ltd, and the controlled entities in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group continues to be a stand-alone taxpayer in its own right.

1 Summary of Significant Accounting Policies (continued)

(o) Income tax (continued)

(i) Tax consolidation legislation

Charges or benefits arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. For cash flow purposes, these charges or benefits are regarded as non-cash transfers with UOWGE Ltd, the head entity in the tax consolidation group.

(p) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(q) Critical accounting estimates

The directors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(r) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Group has decided against early adoption of these standards.

The impact of the standards most relevant to the Group are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Group, as the Group is not in the business of issuing insurance contracts. Early adoption is permitted as the Group has adopted AASB 9, however no such early adoption has occurred.

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

(s) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(t) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

1 Summary of Significant Accounting Policies (continued)**(t) Financial instruments (continued)****(ii) Classification and Subsequent measurement of financial assets (continued)**

Classifications are determined by both:

- the entities business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement financial assets*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

Trade receivables and contract assets impairment

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group reviews amounts that are past due and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

(iv) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

1 Summary of Significant Accounting Policies (continued)**(t) Financial instruments (continued)****(v) Classification and Subsequent measurement of financial assets (continued)**

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(vi) Financial liabilities

The financial liabilities of the Group comprise of trade & other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

(u) Related parties

For the purpose of these financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
 - i. has control or joint control of the Group;
 - ii. has significant influences over the Group; or
 - iii. is a member of the key management personnel of the Group or of a parent of the Company.
- (b) The party is an entity and if any of the following conditions apply:
 - i. the entity and the Company are members of the same group;
 - ii. one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. the entity and the Company are joint ventures of the same party;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - vi. the entity is controlled or jointly controlled by a person identified in (a);
 - vii. a person identified in a(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity);
 - viii. the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company.
 - ix. Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements
For the Year Ended 31 December 2020

2 Revenue and other income

An analysis of the Group's revenue for the year is as follows:

Note	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Sales Revenue				
- Rendering of services	45,250	48,287	-	15,812
	45,250	48,287	-	15,812
Other Income				
- Interest received	8	387	8	387
- Dividend received	3,880	570	3,880	570
- Proceeds of disposal of fixed assets	15	-	-	-
- Change in fair value of other financial assets	8,364	18,101	8,364	18,101
	12,267	19,058	12,252	19,058
Timing of revenue recognition				
Revenue recognised over time	41,211	42,355	-	14,057
Revenue recognised at a point in time	4,039	5,932	-	1,755
	45,250	48,287	-	15,812
Revenue dissection by geographical region				
Dubai	45,250	48,287	-	15,812
	45,250	48,287	-	15,812

Notes to the Financial Statements
For the Year Ended 31 December 2020

3 Expenses

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Depreciation					
- Leasehold improvements		1,280	152	-	53
- Plant and equipment		1,110	654	-	209
- Computer equipment		923	326	-	117
- Right-of-use assets		7,948	708	-	-
Total depreciation		11,261	1,840	-	379
Amortisation					
- Intangible assets		63	46	-	11
Total amortisation		63	46	-	11
Total depreciation and amortisation		11,324	1,886	-	390
Finance costs					
- Other persons/corporations		134	84	-	1
- Related party		1,158	-	-	-
- Interest expense on lease liabilities		4,093	333	-	-
Total finance costs		5,385	417	-	1

The result for the year includes the following specific expenses:

- Rental expenses relating to short term and low value leases	22	7,802	-	-
- Movement in expected credit loss provision	377	76	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

4 Income tax expense

- (a) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate

Note	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Profit before income tax	879	18,989	12,210	19,393
Tax at the Australian tax rate of 30% (2019: 30%)	264	5,697	3,663	5,818
Increase / (decrease) in income tax expense due to:				
- Non-deductible expenses	-	18	-	18
- Impact of different tax rates	3,399	121	-	-
- Other assessable income	499	244	499	244
- Franking credits	(1,663)	(814)	(1,663)	(814)
- Non-assessable non-exempt income	-	(120)	-	(120)
Income tax expense	2,499	5,146	2,499	5,146
Under provided in prior periods	60	9	60	9
Total income tax expense	2,559	5,155	2,559	5,155

- (b) Income tax expense consists of:

Note	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Income tax expense				
- Current tax	161	125	161	125
- Deferred tax	2,338	5,021	2,338	5,021
- Adjustments for current tax of prior periods	60	9	60	9
Total income tax expense	2,559	5,155	2,559	5,155

5 Current assets - Cash and cash equivalents

Note	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Cash at bank and on hand	2,268	7,413	190	277
Petty cash	7	8	-	-
Total cash and cash equivalents	2,275	7,421	190	277

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Group's exposure to interest rate risk is disclosed in note 26.

Notes to the Financial Statements
For the Year Ended 31 December 2020

6 Current assets- Trade and other receivables

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Net receivables from related parties					
- UOWD FZ-LLC	29(c)	-	-	-	535
Students		2,666	1,247	-	-
Less: allowance for credit losses (a)		(358)	(77)	-	-
		2,308	1,170	-	535
Other receivables		1	570	-	570
Prepayments and deposits		2,715	3,100	-	-
-GST/VAT receivable		277	159	-	-
Total current trade and other receivables		5,301	4,999	-	1,105

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms.

The ageing analysis of these receivables is as follows:

	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
0 – 30 days	1	-	-	-
31 – 60 days	-	1	-	-
61 – 90 days	1	31	-	-
91+ days	356	45	-	-
	358	77	-	-

Allowance for credit loss

A credit loss of \$377,000 (2019: \$76,540) has been recognised by the Group and a credit loss of nil (2019: nil) has been recognised by the Company for the current year. These amounts have been included in the "other expense" line item on the statement of profit or loss and other comprehensive income. No individual amount within the allowance is material.

Movement in the allowance for credit losses:

	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Balance at 1 January	77	161	-	-
Impairment charge for the year	377	77	-	-
Foreign exchange movement	(19)	3	-	-
Amounts written off	(77)	(164)	-	-
Balance at 31 December	358	77	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

6 Current assets- Trade and other receivables (continued)**(b) Past due but not impaired**

At 31 December, the ageing analysis of trade receivables is as follows:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
0 – 30 days	89	11	-	-
31 – 60 days	2	20	-	-
61 – 90 days	17	632	-	-
91+ days	2,200	507	-	-
	2,308	1,170	-	-

Receivables past due but not considered impaired are \$2,308,000 for the Group (2019: \$1,159,000) and nil for the Company (2019: nil). Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

7 Non-current assets – Other financial assets

Other financial assets comprise:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Shares – Australian Unlisted					
Education Australia Ltd at fair value through profit and loss (i)	26(d)	49,384	41,020	49,384	41,020
Total non-current other financial assets		49,384	41,020	49,384	41,020

(i) Shareholding ownership in Education Australia Ltd is 2.6% (2019: 2.6%)

Education Australia Ltd owns 40% of IDP Education Ltd. IDP Education Ltd, which is listed on the Australian Stock Exchange, is a company that provides services for international students wishing to study in Australian educational institutions and also provides International English Language Testing (IELTS).

During the year there was a dividend declared and paid by Education Australia Ltd of \$3,880,000 (2019: \$570,000) for the Group and Company.

These investments consist of ordinary shares and therefore have no fixed maturity date or coupon rate.

Valuation assumptions

The fair value of the unlisted share investments has been estimated using valuation techniques based on the assumptions listed below, that are partially supported by observable market prices or rates. Management believes the estimated fair value resulting from the valuation techniques and recorded in the statement of financial position and the related changes in fair value are reasonable and the most appropriate at the reporting date.

Notes to the Financial Statements
For the Year Ended 31 December 2020

7 Non-current assets – Other financial assets (continued)

Shares - Australian unlisted

Education Australia Ltd – an estimate of the value of Education Australia Ltd after taking into account its 40% shareholding in, the publicly listed company, IDP Education Ltd and the remaining net tangible assets within the company. The shareholding in IDP Education Ltd reflects the share price determined based on the VWAP of IDP shares and trading range over the 10 day period up to 31 December 2020, discounted by a factor to reflect the level of shareholding and the inability to immediately sell the shares.

A reconciliation of the movement during the year is as follows:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Opening balance at 1 January	41,020	22,919	41,020	22,919
Net valuation gains	8,364	18,101	8,364	18,101
Closing balance at 31 December	49,384	41,020	49,384	41,020

Valuation sensitivity

The Group and Company estimates the value of Education Australia Ltd taking into account the current market value of its holding in IDP Education Ltd, discounted by a factor to reflect the lack of marketability of these shares, and the net value attributable to the remainder of Education Australia Ltd.

The potential effect of using an alternative discount rate (up or down 5%) would have the effect of reducing or increasing fair value by \$2,806,000 (2019: \$2,930,000) assuming all other variables are held constant.

Liquidity risk

Information regarding liquidity risk exposure is set out in note 26.

8 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020	Consolidated				
	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Period ended 31 December 2020					
Opening net book amount	8,281	112	1,234	374	10,001
Foreign exchange movement	48	(2,269)	(413)	(409)	(3,043)
Assets commissioned for use	(33,160)	24,327	4,277	4,556	-
Additions	25,120	-	-	14	25,134
Disposals – written down value	-	-	(6)	-	(6)
Depreciation charge	-	(1,280)	(1,110)	(923)	(3,313)
Balance at 31 December 2020	289	20,890	3,982	3,612	28,773
At 31 December 2020					
Cost	289	22,317	5,667	4,736	33,009
Accumulated depreciation	-	(1,427)	(1,685)	(1,124)	(4,236)
Net book amount	289	20,890	3,982	3,612	28,773

Notes to the Financial Statements
For the Year Ended 31 December 2020

8 Non-current assets - Property, plant and equipment (continued)**2019****Consolidated**

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Period ended 31 December 2019					
Opening net book amount	1,148	972	1,430	540	4,090
Foreign exchange movement	(183)	2	10	2	(169)
Assets commissioned for use	(273)	-	273	-	-
Additions	7,637	-	237	218	8,092
Loss of controller entity	(48)	(710)	(62)	(60)	(880)
Depreciation charge	-	(152)	(654)	(326)	(1,132)
Balance at 31 December 2019	8,281	112	1,234	374	10,001
At 31 December 2019					
Cost	8,281	2,485	4,704	5,551	21,021
Accumulated depreciation	-	(2,373)	(3,470)	(5,177)	(11,020)
Net book amount	8,281	112	1,234	374	10,001

2019**Company**

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Period ended 31 December 2019					
Opening net book amount	1,100	262	1,368	480	3,210
Foreign exchange movement	5	(1)	(20)	(2)	(18)
Additions	760	-	66	27	853
Transfer to other entities in the Group	(1,865)	(208)	(1,205)	(388)	(3,666)
Depreciation charge	-	(53)	(209)	(117)	(379)
Balance at 31 December 2019	-	-	-	-	-
At 31 December 2019					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

9 Non-current assets - Intangible assets

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

2020

	Computer Software	Consolidated	
	\$000's	Accreditation costs	Total
		\$000's	\$000's
Year Ended 31 December 2020			
Opening net book amount	-	413	413
Additions	-	36	36
Amortisation charge	-	(63)	(63)
Foreign exchange	-	(32)	(32)
Balance at 31 December 2020	-	354	354

At 31 December 2020

Cost	145	1,046	1,191
Accumulated amortisation	(145)	(692)	(837)
Net book amount	-	354	354

2019

	Computer Software	Consolidated	
	\$000's	Accreditation costs	Total
		\$000's	\$000's
Year Ended 31 December 2019			
Opening net book amount	-	1,472	1,472
Additions	-	183	183
Loss of controlled entity	-	(1,195)	(1,195)
Foreign exchange	-	(1)	(1)
Amortisation charge	-	(46)	(46)
Balance at 31 December 2019	-	413	413

At 31 December 2019

Cost	158	1,110	1,268
Accumulated amortisation	(158)	(697)	(855)
Net book amount	-	413	413

2019

	Company	
	Accreditation costs	Total
	\$000's	\$000's
Year Ended 31 December 2019		
Opening net book amount	277	277
Transfer to other entities in the Group	(266)	(266)
Amortisation charge	(11)	(11)
Balance at 31 December 2019	-	-
At 31 December 2019		
Cost	-	-
Accumulated amortisation	-	-
Net book amount	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

10 Leases**Group as a lessee**

The Group has leases over a range of assets including buildings and vehicles. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Company leases buildings for their offices and education institutions, the leases are generally for a period of 10 years and include renewal options to allow the Company to renew for up to once the non-cancellable lease term.

Vehicles

The Group leases vehicles with lease terms varying from 0 - 3 years, the lease payments are fixed during the lease term.

Leases for equipment are generally considered to be for low value assets.

(a) Right-of-use assets**Consolidated**

	Buildings	Motor Vehicles	Total
	\$000's	\$000's	\$000's
Period ended 31 December 2020			
Balance at the beginning of the year	74,171	86	74,257
Additions to right-of-use assets	600	144	744
Depreciation charge	(7,837)	(111)	(7,948)
Foreign exchange	(5,615)	(8)	(5,623)
Balance at 31 December 2020	61,319	111	61,430

Consolidated

	Buildings	Motor Vehicles	Total
	\$000's	\$000's	\$000's
Period ended 31 December 2019			
Right-of-use asset recognised on transition to AASB 16	33,703	270	33,973
Additions to right-of-use assets	74,813	-	74,813
Disposals due to loss of control	(33,703)	(120)	(33,823)
Depreciation charge	(642)	(66)	(708)
Foreign exchange movements	-	2	2
Balance at 31 December 2019	74,171	86	74,257

Company

	Motor Vehicles	Total
	\$000's	\$000's
Period ended 31 December 2019		
Right-of-use asset recognised on transition to AASB 16	150	150
Transfer to subsidiary	(150)	(150)
Balance at 31 December 2019	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

10 Leases (continued)**(b) Lease liabilities**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
< 1 year	12,784	7,003	-	-
1 – 5 years	36,443	38,913	-	-
> 5 years	36,581	50,313	-	-
Total undiscounted lease liabilities	85,808	96,229	-	-
Lease liabilities included in the statement of financial position				
Current	9,463	3,063		
Non-current	59,598	70,332		
Total lease liabilities included in the statement of financial position	69,061	73,395	-	-

(c) Statement of Comprehensive Income

The amounts recognised in the statement of comprehensive income relating to leases where the Group is a lessee are shown below:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Interest expense on lease liabilities	(4,093)	(333)	-	-
Expenses relating to short term leases	(22)	(7,682)	-	-
Expenses relating to leases of low-value assets	-	(120)	-	-
Depreciation of right-of-use assets	(7,948)	(708)	-	-
	(12,063)	(8,843)	-	-

(d) Statement of Cash Flows

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Total cash outflow for leases	2,485	71	-	50

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11 Current liabilities – Trade and other payables

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Trade payables		400	275	-	-
Trade payables due to University of Wollongong	29(c)	213	32	-	32
Amounts owing to UOWC Ltd	29(c)	-	1,238	-	1,026
Amounts owing to UOWGE Ltd	29(c)	760	970	391	934
Non-trade payables and accruals		2,349	1,189	-	16
		3,722	3,704	391	2,008

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 26.

12 Current liabilities – Provisions

	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Annual leave	228	361	-	-
Long service leave	5,324	5,730	-	-
Site restoration costs	-	1,096	-	-
	5,552	7,187	-	-

13 Current liabilities - Contract assets & liabilities

	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Contracted income and amounts received in advance	4,238	4,814	-	-
	4,238	4,814	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

14 Financing arrangements

The Group has access to the following lines of credit with the National Australia Bank as at 31 December:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Credit card facility				
Available facility	59	88	-	-
Used at balance sheet date	(17)	(20)	-	-
Unused at balance sheet date	42	68	-	-

The line of credit is secured by way of a Registered Mortgage Debenture over the assets and undertakings of the Group, including goodwill and uncalled capital and called but unpaid capital.

The Group has bank guarantees outstanding at 31 December 2020 totaling \$311,551 (2019: \$75,921).

15 Non-current liabilities – related party borrowings

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Related party borrowings	28,500	7,500	-	-

16 Non-current liabilities – Deferred tax liability

(a) Balance of deferred tax liabilities comprise temporary differences to:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Property, plant and equipment	(1)	(1)	(1)	(1)
Other financial assets – non-current	14,629	12,120	14,629	12,120
Trade and other receivables	-	171	-	171
	14,628	12,290	14,628	12,290

(b) Movement:

		Consolidated		Company	
		2020	2019	2020	2019
	Note	\$000's	\$000's	\$000's	\$000's
Balance at 1 January		12,290	8,628	12,290	8,628
Charged to the statement of profit and loss and other comprehensive income	4	2,338	5,021	2,338	5,021
Transfer of temporary differences to new head of the tax consolidated group		-	(1,359)	-	(1,359)
Balance at 31 December		14,628	12,290	14,628	12,290

Notes to the Financial Statements
For the Year Ended 31 December 2020

17 Non-current liabilities - Provisions

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Site restoration costs	1,772	1,839	-	-

(a) Movement in each class of provision during the financial year, other than employee benefits, are set out below:

Site restoration costs	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Balance at 1 January	1,839	1,047	-	1,047
Additional provision recognised	-	1,831	-	-
Unwinding of the discount rate	135	47	-	20
Transfer to UOWD FZ-LLC	-	-	-	(1,067)
Transfer to current provision	-	(1,093)	-	-
Foreign exchange movements	(202)	7	-	-
Balance at 31 December	1,772	1,839	-	-

In accordance with the lease contract in Dubai, the Group must restore the leased premises to their original condition at the end of its occupancy. Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using a pre-tax discount rate of 5.5%.

18 Issued capital**(a) Ordinary shares**

	Consolidated		Company	
	2020	2019	2020	2019
	No. & \$	No. & \$	No. & \$	No. & \$
At the beginning and end of the year	2	2	2	2

Fully paid ordinary shares carry one vote per share and the right to dividends. The shares are held by the UOWGE Ltd. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

(b) Capital management

When managing capital, the Board of Director's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors has no current plans to issue further shares to its shareholder. The Group currently manages issued capital of \$2.

The Group is not subject to any externally imposed capital requirements.

Refer note 20 for dividends declared.

Notes to the Financial Statements
For the Year Ended 31 December 2020

19 Reserves and Retained earnings**(a) Reserves**

Note	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Foreign currency translation reserve	(3,987)	(1,529)	(1,190)	(1,190)
Total reserves	(3,987)	(1,529)	(1,190)	(1,190)

Note	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Balance at 1 January	(1,529)	(559)	(1,190)	(1,204)
Translation of foreign operations	(2,458)	(326)	-	14
Decrease due to loss of control	-	(644)	-	-
Total reserves	(3,987)	(1,529)	(1,190)	(1,190)

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(b) Retained earnings

Note	Consolidated		Company	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Balance at 1 January	28,911	53,715	29,313	37,575
Net (loss)/profit attributable to Owners of UOWD Ltd	(1,680)	13,834	9,651	14,238
Decrease due to loss of control	-	(16,138)	-	-
Ordinary dividends	(3,200)	(22,500)	(3,200)	(22,500)
Total reserves	24,031	28,911	35,764	29,313

20 Dividends

In respect of the financial year ended 31 December 2020 a total dividend of \$3,200,000 (160,000,000 cents per share), unfranked, was paid to the holder of fully paid ordinary shares on 11 December 2020.

In respect of the financial year ended 31 December 2019 a total dividend of \$22,500,000 (1,125,000,000 cents per share), unfranked, was paid to the holder of fully paid ordinary shares on:

- 19 June 2019 - \$8,000,000 (400,000,000 cents per share) unfranked;
- 19 August 2019 - \$3,000,000 (150,000,000 cents per share) unfranked;
- 11 November 2019 - \$7,250,000 (362,500,000 cents per share) unfranked;
- 27 November 2019 - \$3,250,000 (162,500,000 cents per share) unfranked; and
- 17 December 2019 - \$1,000,000 (50,000,000 cents per share) unfranked.

Notes to the Financial Statements
For the Year Ended 31 December 2020

21 Auditors remuneration

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Auditors of the company					
The Audit Office of New South Wales		28	28	6	6
Total remuneration for audit and other assurance services		28	28	6	6

22 Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

Mr R Ryan
 Professor J Chicharo
 Professor A Frino
 Ms M Mastroianni

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Directors	Position	Employer
Mr G Drummond	Chief Financial Officer/Executive Director Corporate Services	UOWGE Ltd
Ms J Stuart	Executive Director People and Culture	UOWGE Ltd
Ms K McCollim	Executive Director Business Transformation	UOWGE Ltd
Mr P Janu	Executive Director Legal and Commercial	UOWGE Ltd
Prof. Mohamed-Vall M. Salem Zein	President of UOW in Dubai	UOWD FZ-LLC

In addition to their salaries, the Group also provides non-cash benefits to the executive officers, and contributes to a post-employment defined contributions plan on their behalf.

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Group is set out below:

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Short-term employee benefits		509	567	-	161
Post-employment benefits		-	-	-	-
		509	567	-	161

(b) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Group, including their personally related parties.

Notes to the Financial Statements
For the Year Ended 31 December 2020

23 Statement of cash flow reconciliation**(a) Reconciliation to cash and cash equivalents at 31 December 2020**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
As per the statement of financial position					
Cash and cash equivalents	5	2,275	7,421	190	277
As per statement of cash flows		2,275	7,421	190	277

(b) Reconciliation of profit for the period to net cash flow from operating activities

	Note	Consolidated		Company	
		2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
As per the statement of financial position					
(Loss) / profit for the period after income tax		(1,680)	13,834	9,651	14,237
<i>Adjustments for:</i>					
Depreciation and amortisation		11,324	1,864	-	389
Non cash lease interest expense		4,161	322	-	-
Interest income		(8)	(387)	(8)	(387)
Dividend received		(3,880)	(570)	(3,880)	(570)
Unrealised gains on other financial assets		(8,364)	(18,101)	(8,364)	(18,101)
Non-cash income tax expense		2,422	840	2,422	-
Operating profit/(loss) before changes in assets and liabilities		3,975	(2,198)	(179)	(4,432)
(Increase) / decrease in trade and other receivables		(855)	858	535	835
Decrease in other assets		-	666	-	7
(Decrease) / increase in trade and other payables		(434)	(167)	(1,701)	1,161
(Decrease) / increase in other provisions		(1,112)	662	-	658
(Decrease) / increase in contract liabilities		(173)	(976)	-	3,887
Increase in provision for income tax receivable/ payable		-	117	-	117
Increase in net deferred tax liabilities		-	3,662	-	3,662
Net foreign exchange movement in assets and liabilities		(99)	(288)	-	(15)
Net cash flow used in operating activities		1,302	2,336	(1,345)	5,880

Notes to the Financial Statements
For the Year Ended 31 December 2020

24 Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Payable:				
Within 1 year	545	22,070	-	-
Between 1 and 5 years	-	-	-	-
More than 5 years	-	-	-	-
	545	22,070	-	-

25 Economic dependency

The University of Wollongong in Dubai is dependent upon the University of Wollongong for use of the University's brand and the University's course materials in providing education services.

University of Wollongong in Dubai FZ-LLC is highly dependent upon student demand for the University of Wollongong, in order to attract students to its fee paying courses.

26 Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Group has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Group. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Group's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

*Risk exposures and responses***(a) Credit risk**

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Group's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Group trades with students and other educational organisations and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Group's history of bad debts is not significant. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Notes to the Financial Statements
For the Year Ended 31 December 2020

26 Financial risk management (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Dubai	2,666	1,247	-	-
	2,666	1,247	-	-

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Education	2,666	1,247	-	-
Related Parties	-	-	-	-
	2,666	1,247	-	-

Credit risk is managed at group level subject to the Group's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The Group also manages liquidity risk by geographical region. A dissection of cash balances, including current other financial assets, by geographical region at 31 December is shown below:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Dubai	2,085	7,144	-	-
Australia	190	277	190	277
	2,275	7,421	190	277

Notes to the Financial Statements
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26 Financial risk management (continued)

(b) Liquidity risk (continued)

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis – non-derivative

	Consolidated							
	Within 1 year		1 to 5 years		Over 5 years		Total	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Financial Assets								
Cash and cash equivalents	2,275	7,421	-	-	-	-	2,275	7,421
Trade and other receivables	2,309	1,740	-	-	-	-	2,309	1,740
Other financial assets non-current	-	-	-	-	49,384	41,020	49,384	41,020
	4,584	9,161	-	-	49,384	41,020	53,968	50,181
Financial Liabilities								
Trade and other payables	(3,722)	(3,704)	-	-	-	-	(3,722)	(3,704)
Related party borrowings	-	-	-	-	(28,500)	(7,500)	(28,500)	(7,500)
Lease liabilities	(8,569)	(7,003)	(36,443)	(38,913)	(36,581)	(50,313)	(81,593)	(96,229)
	(12,291)	(10,707)	(36,443)	(38,913)	(65,081)	(57,813)	(113,815)	(107,433)
Net exposure	(7,707)	(1,546)	(36,443)	(38,913)	(15,697)	(16,793)	(59,847)	(57,252)
	Company							
	Within 1 year		1 to 5 years		Over 5 years		Total	
	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's	2020 \$000's	2019 \$000's
Financial Assets								
Cash and cash equivalents	190	277	-	-	-	-	190	277
Trade and other receivables	-	1,105	-	-	-	-	-	1,105
Other financial assets non-current	-	-	-	-	49,384	41,020	49,384	41,020
	190	1,382	-	-	49,384	41,202	49,574	42,402
Financial Liabilities								
Trade and other payables	(391)	(2,008)	-	-	-	-	(391)	(2,008)
	(391)	(2,008)	-	-	-	-	(391)	(2,008)
Net exposure	(201)	(626)	-	-	49,384	41,020	49,183	40,394

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

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26 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group is exposed to currency risks on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The functional currencies of Group entities are the Australian Dollar (AUD) and the United Arab Emirates Dirham (AED). Whilst the volume of sales and purchases denominated in foreign currencies other than the respective functional currencies is not significant, the main foreign currency in which these other transactions primarily are denominated in, is the US Dollar (USD).

The Group can be exposed to foreign currency risk when transferring funds between countries. The Group does not currently use any hedging instruments when dealing with foreign currency.

In respect of financial assets and financial liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At 31 December 2020, there was no exposure to US denominated trade and other receivables (2019: nil).

(ii) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and other financial assets. The Group's trade and related party receivables are non-interest bearing. All non-related party loans and borrowings of the Group have a fixed interest rate for the term of the borrowing. At 31 December 2020, there were no loans or borrowings outstanding with non-related parties (2019: nil).

The Group does not currently use any hedging instruments when dealing with interest rates.

The Group operates a treasury policy which directs excess cash reserves be placed in short term fixed interest rate term deposits. At the reporting date, neither the Group nor the Company had any outstanding short term fixed interest rate term deposits (2019: nil for both the Group and the Company).

At the reporting date, the only financial asset the company has that is exposed to Australian variable interest rate risk is the cash and cash equivalents. The value at the reporting date is \$190,000 (2019: \$277,000) for the Group and Company.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At the reporting date, a reasonably possible change in the interest rate of 10 basis points (2019 (25 basis points)) would have increased/(decreased) profit by the amounts shown below, with all other variables held constant.

Company and Consolidated

	Carrying amount	Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's
31 December 2020					
Cash and cash equivalents	190	-	-	-	-
Total		-	-	-	-
31 December 2019					
Cash and cash equivalents	277	4	4	(4)	(4)
Total		4	4	(4)	(4)

Significant assumptions used in the interest rate sensitivity analysis includes:

- At the beginning of 2020, the Reserve Bank of Australia cash rate was 0.75%. At the end of 2020 the cash rate was at 0.10%.

Notes to the Financial Statements
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26 Financial risk management (continued)**(d) Fair value measurements**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group and Company's assets and liabilities measured and recognised at fair value at 31 December 2020:

	Consolidated & Company							
	Level 1		Level 2		Level 3		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial Assets								
Other financial assets non-current								
- Equity securities	-	-	49,384	41,020	-	-	49,384	41,020
Net exposure	-	-	49,384	41,020	-	-	49,384	41,020

Management has assessed the Group's financial assets and financial liabilities and have identified that their fair value measurements do not fall in the Level 1 and Level 3 hierarchy requirement. Following the listing of Education Australia Ltd.'s investment in IDP Education Ltd (refer note 7), management has assessed that the fair value measurement is now in line with Level 2 hierarchy requirements (2019: Level 2 hierarchy requirements). Similarly, management has assessed that the fair value measurement is within the Level 2 hierarchy requirements.

Reconciliation of Level 2 investments

	Note	Consolidated		Company	
		2020	2019	2020	2019
		\$000's	\$000's	\$000's	\$000's
Opening balance at 1 January		41,020	175,343	41,020	22,919
Revaluation increments recognised in profit and loss		8,364	18,101	8,364	18,101
Decrease due to loss of control		-	(152,424)	-	-
Closing balance at 31 December		49,384	41,020	49,384	41,020

Notes to the Financial Statements
For the Year Ended 31 December 2020

27 Business combinations

On 1 July 2015 UOWC Ltd and the Company acquired a controlling interest in CCCU Ltd (subsequently renamed UOW College Hong Kong Ltd), a Hong Kong company limited by guarantee. The Company is a Member of UOW College Hong Kong Ltd, together with UOWC Ltd and City University of Hong Kong. Under UOW College Hong Kong Ltd.'s Articles of Association, UOWC Ltd and the Company control a majority of the appointments to the UOW College Hong Kong Ltd.'s current governing body, the Board of Management, and thereby ultimately control the decision making authority of the UOW College Hong Kong Ltd entity.

The Company does not, in itself control UOW College Hong Kong Ltd. UOW College Hong Kong Ltd is a related party of the Company as it is under the common control of UOWGE Ltd. Related party transactions and balances are disclosed in note 28.

On 1 July 2015 a formal Deed of Trust was executed whereby the City University of Hong Kong agreed to hold certain funds as trustee for UOW College Hong Kong Ltd. The Deed of Trust contains certain conditions for the release of the trust funds to UOW College Hong Kong Ltd. These conditions relate to activities being undertaken to transition UOW College Hong Kong Ltd as an education institution independent from its reliance on services and facilities of City University of Hong Kong. The trust period ends and the balance of the trust funds will be paid to UOW College Hong Kong Ltd on the date which UOW College Hong Kong Ltd has vacated all spaces currently utilised by UOW College Hong Kong Ltd on City University's Kowloon Tong campus.

The Company does not, in itself control CCCU Deed of Trust. CCCU Deed of Trust is a related party of the Company as it is under the common control of UOWGE Ltd. Related party transactions and balances are disclosed in note 28.

28 Controlled entities

		% owned	
		2020	2019
Controlled entities:	Country of Incorporation	%	%
University of Wollongong in Dubai FZ-LLC	UAE	100	100
UOW College Hong Kong Ltd	Hong Kong	33.33	33.33
CCCU Deed of Trust	Hong Kong	33.33	33.33

Refer to note 27 for details of the acquisition of UOW College Hong Kong Ltd and CCCU Deed of Trust.

29 Related parties**(a) Transactions with key management personnel**

The names of each person holding the position of directors of UOWD Ltd during the period ended 31 December 2019 are Mr R Ryan, Prof. J Chicharo, Prof. A Frino, and Ms M Mastroianni.

Details of key management personnel compensation are set out in note 22 to the financial statements.

Apart from the details disclosed in note 22, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties*Parent entity and ultimate parent company*

The parent entity of the Group is UOWD Ltd. The controlling entity of the Group is UOWGE Ltd and the ultimate controlling entity of the Group is the University of Wollongong.

Transactions with the related entity

All transactions with non-director related parties are on normal terms and conditions.

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

UOWGE Ltd provides management and transitional services to UOWD-FZ LLC. These services are passed through to the Group on commercial terms.

The Group is charged a fee for course development by a controlled entity of UOWGE Ltd.

Notes to the Financial Statements
For the Year Ended 31 December 2020

29 Related parties (continued)**(b) Transactions with related parties (continued)***Transactions*

All transactions with related parties are on normal terms and conditions. Receivables from and payables to related parties are interest free and payable on demand.

The aggregate amounts included in the profit/loss for the financial period that resulted from transactions with non-director related parties are:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Purchase of goods and services				
Course Development				
- Entity controlled by the controlling entity	149	192	-	44
Corporate charge				
- Controlling entity	1,844	2,146	-	698
Reimbursable utilities and services				
- Controlling entity	108	106	-	-
- Ultimate controlling entity	213	-	-	-
- Entity controlled by the controlling entity	-	218	-	90
	2,314	2,662	-	832
Interest expense				
- Controlling entity	1,212	36	-	-
Total expenditure	3,526	2,698		832

(c) The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated		Company	
	2020	2019	2020	2019
	\$000's	\$000's	\$000's	\$000's
Current receivables				
- Subsidiaries	-	-	-	535
	-	-	-	535
Current payables				
- Controlling entity	760	970	390	934
- Ultimate Controlling entity	313	32	-	32
- Entity controlled by the controlling entity	-	1,238	-	1,026
	1,023	2,240	390	1,992
Non-current liabilities				
- Controlling entity	28,500	7,500	-	-
Total expenditure	28,500	7,500	-	-

**Notes to the Financial Statements
For the Year Ended 31 December 2020****30 Subsequent events**

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

31 Contingencies

There were no contingent assets or liabilities for the Group and the Company at 31 December 2020 (2019: nil).

End of audited financial statements

University of Wollongong in Dubai FZ LLC

License Number 18007

Financial Statements

For the Year Ended 31 December 2020

University of Wollongong in Dubai FZ-LLC

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For the year ended 31 December 2020

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Directors' Report

The directors present their report together with the financial statements of University of Wollongong in Dubai FZ-LLC ("the Company" or "UOWD FZ-LLC") for the year ended 31 December 2020. As the Company was incorporated on 14 April 2019 the comparatives cover the period 14 April 2019 to 31 December 2019.

General information

Directors

The names of the Company's directors in office during the financial period and until the date of this report are as follows:

Names

Robert Ryan
Professor Alex Frino
Marisa Mastroianni
Professor Joe Chicharo
Manal AlBayat
HE Dr Aisha Bin Bishr
Professor Mohamed-Vall M. Salem Zein

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

Principal place of address

UOWD FZ-LLC is incorporated and domiciled in United Arab Emirates and has its registered office at:

UOWD Building
Dubai Knowledge Park
Dubai, UAE

Principal activities

The principal activity of the Company is to provide educational programmes leading to a degree.

Review of operations

The loss for the year ended 31 December 2020 was AED 38,976,000 (31 December 2019 loss AED 1,899,000).

The COVID-19 pandemic has resulted in lower revenue from marginally lower Academic student numbers, significantly lower English language student numbers, reduced number of English language tests being conducted due to a Campus closure and a significant decline in overseas students staying in the student residences.

We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. Cost saving measures were put in place to offset the loss in revenue.

During the year we completed the fit out of the new Campus. All staff and students moved to the new Campus in July 2020.

The result for the year ended 31 December 2020 includes unrealized foreign exchange losses on the loan from UOWGE Ltd of AED 10,149,000 (2019: AED 746,000).

Dividends

No dividend for the year ended 31 December 2020 has been declared or paid (2019: nil).

State of affairs

Apart from the matters referred to above, there was no other significant changes in the state of affairs of the Company that occurred during the year ended 31 December 2020.

Environmental regulation

The Company's operations are not regulated by any specific environmental regulations under a law of the UAE or any other relevant regulation.

Events subsequent to reporting date

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Company Secretary

Mr Andrew Phillips

Mr Phillips is the Company Secretary since 1 January 2020. Mr Phillips is the Company's Chief Operating Officer.

Mr Geoffrey Drummond

Mr Drummond was the Company Secretary from 14 April 2019 to 31 December 2019.

Mr Drummond is the CFO/Executive Director- Corporate Services for the UOWGE Group.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the period are:

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert Ryan	5	5
Professor Alex Frino	5	4
Marisa Mastroianni	5	5
Professor Joe Chicharo	5	4
Manal AlBayat	5	3
HE Dr Aisha Bin Bishr	5	4
Professor Mohamed-Vall M. Salem Zein	5	5

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Rounding off


Amounts in the financial statements have been rounded off to the nearest thousand United Arab Emirates Dirhams, or in certain cases, the nearest United Arab Emirates Dirhams.

Auditors

For Australian reporting compliance, the Auditors are The Audit Office of New South Wales.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Mr R Ryan

Director: 
Ms M Mastroianni

Dated 24 March 2021

Wollongong

University of Wollongong in Dubai FZ-LLC

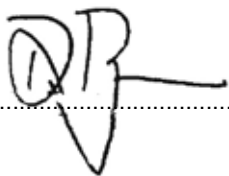
Certificate under the Public Finance and Audit Act 1983


For the year ended 31 December 2020

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of University of Wollongong in Dubai FZ-LLC as at 31 December 2020 and financial performance for the period then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director: 
Mr R Ryan

Director: 
Ms M Mastroianni

Dated 24 March 2021

Wollongong

University of Wollongong in Dubai FZ-LLC

Directors' Declaration For the year ended 31 December 2020

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of University of Wollongong in Dubai FZ-LLC as at the 31 December 2020 and financial performance for the period then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: 
Mr R Ryan

Director: 
Ms M Mastroianni

Dated 24 March 2021

Wollongong



INDEPENDENT AUDITOR'S REPORT

University of Wollongong in Dubai FZ-LLC

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of University of Wollongong in Dubai FZ-LLC (the UOWD FZ-LLC), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of UOWD FZ-LLC as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of UOWD FZ-LLC in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

UOWD FZ-LLC's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Directors of UOWD FZ-LLC are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing UOWD FZ-LLC's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that UOWD FZ-LLC carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D Ryan', in a light grey color.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

University of Wollongong in Dubai FZ-LLC

Start of audited financial statements Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2020

		2020 AED 000's	2019 AED 000's
Rendering of services	2	112,425	81,953
Other Income		38	-
Total revenue and other income		112,463	81,953
Employee related expenses		(60,660)	(39,900)
Depreciation and amortisation expense	3	(28,583)	(3,807)
Administration and site expenses		(15,890)	(19,793)
Marketing expenses		(7,549)	(4,223)
Other expenses		(25,189)	(15,056)
Finance costs		(13,568)	(1,073)
Loss before income tax		(38,976)	(1,899)
Income tax expense		-	-
Loss for the period		(38,976)	(1,899)
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(38,976)	(1,899)

University of Wollongong in Dubai FZ-LLC

Statement of Financial Position As At 31 December 2020

	Note	2020 AED 000's	2019 AED 000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5,869	18,350
Trade and other receivables	5	14,913	11,377
TOTAL CURRENT ASSETS		20,782	29,727
NON-CURRENT ASSETS			
Property, plant and equipment	6	80,961	25,687
Right of use assets	8	172,849	190,725
Intangible assets	7	997	1,061
TOTAL NON-CURRENT ASSETS		254,807	217,473
TOTAL ASSETS		275,589	247,200
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	9,367	5,734
Provisions	10	15,622	18,452
Lease liabilities	8	26,627	7,867
Contract liabilities	11	11,926	12,365
TOTAL CURRENT LIABILITIES		63,542	44,418
NON-CURRENT LIABILITIES			
Loans and borrowings	23(b)	80,192	19,263
Lease liabilities	8	167,695	180,645
Provisions	13	4,985	4,723
TOTAL NON-CURRENT LIABILITIES		252,872	204,631
TOTAL LIABILITIES		316,414	249,049
NET ASSETS		(40,825)	(1,849)
EQUITY			
Issued capital	14	50	50
Retained earnings	15	(40,875)	(1,899)
TOTAL EQUITY		(40,825)	(1,849)

The accompanying notes form part of these financial statements

University of Wollongong in Dubai FZ-LLC

Statement of Cash Flows For the year ended 31 December 2020

		2020 AED 000's	2019 AED 000's
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from students and other customers (inclusive of VAT)		109,655	85,039
Payments to suppliers and employees (inclusive of VAT)		(99,938)	(93,857)
Interest paid		(2,981)	(234)
Net cash flows from / (used in) operating activities	19	6,736	(9,052)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	6	(63,945)	(18,057)
Purchase of intangible assets	7	(92)	(463)
Cash acquired from UOWD Ltd		-	26,775
Proceeds from sale of non-current assets		38	-
Net cash flows (used in) / from investing activities		(63,999)	8,255
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceed from issue of shares		-	50
Loans from UOWGE Ltd		50,780	19,263
Principal portion of lease payments		(5,998)	(166)
Net cash flows from financing activities		44,782	19,147
Net (decrease)/ increase in cash and cash equivalents		(12,481)	18,350
Cash and cash equivalents at beginning of the period		18,350	-
Cash and cash equivalents at end of the period	4	5,869	18,350

The accompanying notes form part of these financial statements

Statement of Changes in Equity
For the year ended 31 December 2020

2020

	Issued Capital AED 000's	Retained Earnings AED 000's	Total AED 000's
Balance at 1 January 2020	50	(1,899)	(1,849)
Loss for the year	-	(38,976)	(38,976)
Balance at 31 December 2020	50	(40,875)	(40,875)

2019

	Issued Capital AED 000's	Retained Earnings AED 000's	Total AED 000's
Loss for the period	-	(1,899)	(1,899)
Contribution of equity, net of transaction costs	50	-	50
Balance at 31 December 2019	50	(1,899)	(1,849)

University of Wollongong in Dubai FZ-LLC

Notes to the Financial Statements

For the year ended 31 December 2020

The financial report covers University of Wollongong in Dubai FZ-LLC as an individual entity. University of Wollongong in Dubai FZ-LLC is a for-profit Company limited by shares, incorporated and domiciled in the UAE.

The functional and presentation currency of University of Wollongong in Dubai FZ-LLC is The United Arab Emirates Dirham

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purpose of financial reporting the Company is a for-profit entity.

The Company was incorporated as a company limited by shares on 14 April 2019 and has since remained throughout the period.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Company's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The directors consider the going concern basis of preparation to be appropriate based on forecasted cash flows and the letter of support received from UOWGE Ltd (controlling entity of the Parent).

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 24 March 2021.

(b) Statement of compliance

The financial statements are presented in United Arab Emirates Dirhams which is the Company's functional currency and figures are rounded to the nearest thousand dirhams (AED '000), or in certain cases the nearest dirham. The financial statements are prepared on a historical cost basis.

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 1.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1 Summary of Significant Accounting Policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(d) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for credit losses. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables and advances, with no stated interest rate are measured at the original invoice or contract amount, where the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for credit loss is recognised when there is objective evidence that the Company will not be able to collect the receivable or if the receivable is more than two years overdue.

(e) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

1 Summary of Significant Accounting Policies (continued)**(e) Leases (continued)**

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Other financial assets**(i) Other financial assets - current**

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(ii) Other financial assets - non-current*Classification of other financial assets - non-current*

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unlisted shares held by the Company are classified as being other financial assets in the statement of financial position. After initial recognition they are stated at fair value, with any resultant gain or loss being recognised in the statement of profit or loss.

Dividends on unlisted shares are recognised in the statement of profit or loss when the Company's right to receive payment is established.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than AED 1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1 Summary of Significant Accounting Policies (continued)**(g) Property, plant and equipment (continued)****(i) Subsequent additional costs**

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
• Leasehold improvements	20 or duration of lease
• Plant and Equipment	20 to 25
• Computer Equipment	33.33

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(h) Intangibles**(i) Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight basis over the period that accreditation approval is given for.

Accreditation costs have a finite useful life. The period of accreditation approval is three to five years.

(iii) Other intangible costs

Other intangible costs are attributable to the purchase of web-sites, trademarks and customer/supplier lists required to operate a business. Other intangible costs have a finite useful life. The period of estimated life is five years.

1 Summary of Significant Accounting Policies (continued)**(i) Trade and other payables**

Trade and other payables are carried at fair value, which is usually the transaction cost, and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of these goods and services. Agent fees are recognised when a student accepts an offer to commence studying. They are carried at fair value, and due to their short term nature they are not discounted. Trade accounts payable are generally settled within 30 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(j) Employee benefits**(i) Wages, salaries and annual leave**

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Gratuity

The Company's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Site restoration

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology.

Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised and is depreciated in accordance with the Company's depreciation and amortisation policy. The unwinding of the effect of discounting on provision is recognised as a finance cost.

(ii) Restructuring

The Company recognises restructuring provisions when it is demonstrably committed to either terminating the employment of employees, according to a detailed formal plan, without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

1 Summary of Significant Accounting Policies (continued)

(l) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

To determine whether to recognise revenue, the Company follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

(i) Tuition fees

Tuition fees, are course fees relating to the provision of educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial period. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer note 11.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Company also generates revenue from the conduct of IELTS testing, and other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial period. These other fees, earned during the current period are disclosed in note 2.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of value added tax.

Further disclosure on revenue is provided in note 2.

1 Summary of Significant Accounting Policies (continued)

(l) Revenue and other income (continued)

(ii) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(l) Value added tax (VAT)

Revenue, expenses and assets are recognised net of the amount of value added tax ("VAT"), except where the amount of VAT incurred is not recoverable from the UAE Federal Tax Authority (FTA). In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the FTA is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the FTA is classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of VAT recoverable from, or payable to, the taxation office.

(m) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(n) Income tax

UOWD-FZ LLC is not subject to corporate income tax as it is located in a free zone in UAE that does not impose income tax on companies.

(o) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

1 Summary of Significant Accounting Policies (continued)**(o) Impairment of non-financial assets (continued)**

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(p) Critical accounting estimates

The directors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

(q) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Company has decided against early adoption of these standards.

The impact of the standards most relevant to the Company are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

(s) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

1 Summary of Significant Accounting Policies (continued)**(t) Financial instruments****(i) Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement financial assets*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

1 Summary of Significant Accounting Policies (continued)**(t) Financial instruments (continued)****(iii) Subsequent measurement financial assets (continued)***Trade receivables and contract assets impairment*

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

(iv) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(iv) Financial liabilities

The financial liabilities of the Company comprise of trade & other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

1 Summary of Significant Accounting Policies (continued)

(u) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that person:

- a. has control or joint control of the Company;
- b. has significant influences over the Company; or
- c. is a member of the key management personnel of the Company or of a parent of the Company.

(b) The party is an entity and if any of the following conditions apply:

- a. the entity and the Company are members of the same group;
- b. one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- c. the entity and the Company are joint ventures of the same party;
- d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- e. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- f. the entity is controlled or jointly controlled by a person identified in (a);
- g. a person identified in a(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity);
- h. the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company.
- i. Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements
For the year ended 31 December 2020

2 Revenue and other income

	2020 AED 000's	2019 AED 000's
Sales Revenue		
- Rendering of services	<u>112,425</u>	<u>81,953</u>
Total revenue	<u>112,425</u>	<u>81,953</u>
Timing of revenue recognition		
Revenue recognized over time	<u>102,390</u>	<u>71,411</u>
Revenue recognized at a point in time	<u>10,035</u>	<u>10,542</u>
Total Sales Revenue	<u>112,425</u>	<u>81,953</u>
	2020 AED 000's	2019 AED 000's
Other income		
- Proceeds from sales of PP&E	<u>38</u>	<u>-</u>
Total revenue and other income	<u>38</u>	<u>-</u>

3 Expenses

	2020 AED 000's	2019 AED 000's
Depreciation		
- leasehold improvements	<u>3,398</u>	<u>288</u>
- plant and equipment	<u>2,835</u>	<u>1,086</u>
- computer equipment	<u>2,425</u>	<u>528</u>
- right of use asset	<u>19,769</u>	<u>1,817</u>
Total depreciation	<u>28,427</u>	<u>3,720</u>
Amortisation		
- intangible assets	<u>156</u>	<u>87</u>
Total amortisation	<u>156</u>	<u>87</u>
Total depreciation and amortisation	<u>28,583</u>	<u>3,807</u>

The result for the year ended 31 December 2020 includes the following specific expenses:

	2020 AED 000's	2019 AED 000's
Non capitalised equipment	<u>87</u>	<u>77</u>
Rental expenses relating to short term and low value leases	<u>63</u>	<u>19,926</u>
Interest expenses on lease liabilities	<u>10,177</u>	<u>854</u>
Impairment of other assets – movement of ECL	<u>1,008</u>	<u>197</u>

Notes to the Financial Statements
For the year ended 31 December 2020

4 Current assets - Cash and cash equivalents

	2020 AED 000's	2019 AED 000's
Cash at bank and on hand	5,849	18,330
Petty cash	20	20
Cash at bank and on hand	5,869	18,350

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 22.

5 Current assets- Trade and other receivables

	2020 AED 000's	2019 AED 000's
Current		
Other third parties	-	9
Students	7,501	3,195
Less: allowance for credit losses (a)	(1,008)	(197)
	6,493	3,007
Other receivables	3	-
Prepayments and deposits	7,640	7,962
VAT receivable	777	408
Total current trade and other receivables	14,913	11,377

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms.

The ageing analysis of these receivables is as follows:

	2020 AED 000's	2019 AED 000's
0 - 30 days	4	-
31 - 60 days	-	2
61 - 90 days	4	79
91+ days	1,000	116
	1,008	197

Allowance for credit loss

A credit loss of AED 1,008,000 (2019: AED 197,000) has been recognised by the Company for the current period. These amounts have been included in the "other expense" line item on the statement of profit or loss and other comprehensive income. No individual amount within the allowance is material.

Notes to the Financial Statements
For the year ended 31 December 2020

5 Current assets- Trade and other receivables (continued)

(a) Impaired trade receivables (continued)

	2020	2019
	AED 000's	AED 000's
Opening balance	197	-
Impairment charge for the year	1,008	197
Amounts written off	(197)	-
Balance at 31 December	1,008	197

(b) Past due but not impaired

At 31 December, the ageing analysis of trade receivables is as follows:

	2020	2019
	AED 000's	AED 000's
0 - 30 days	247	33
31 - 60 days	7	48
61 - 90 days	49	1,623
91+ days	6,190	1,303
	6,493	3,007

Trade receivables are non-interest bearing and are generally on a 30 day term.

Receivables past due but not considered impaired are AED 6,493,000 for the Company (2019: 3,007,000). Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

Notes to the Financial Statements
For the year ended 31 December 2020

6 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

2020

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	AED 000's	AED 000's	AED 000's	AED 000's	AED 000's
Year ended 31 December 2020					
Opening net book amount	21,269	288	3,170	960	25,687
Assets commissioned for use	(84,365)	61,890	10,883	11,592	-
Additions	63,909	-	-	36	63,945
Disposals – written down value	-	-	(13)	-	(13)
Depreciation charge	-	(3,398)	(2,835)	(2,425)	(8,658)
Balance at 31 December 2020	813	58,780	11,205	10,163	80,961
At 31 December 2020					
Cost	813	62,416	14,780	12,887	90,896
Accumulated depreciation	-	(3,636)	(3,575)	(2,724)	(9,935)
Net book amount	813	58,780	11,205	10,163	80,961

2019

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	AED 000's	AED 000's	AED 000's	AED 000's	AED 000's
Period ended 31 December 2019					
Opening net book amount	-	-	-	-	-
Additions	17,131	-	443	483	18,057
Assets transferred from UOWD Ltd	4,829	576	3,122	1,005	9,532
Assets commissioned for use	(691)	-	691	-	-
Depreciation charge	-	(288)	(1,086)	(528)	(1,902)
Balance at 31 December 2019	21,269	288	3,170	960	25,687
At 31 December 2019					
Cost	21,269	576	4,256	1,488	27,589
Accumulated depreciation	-	(288)	(1,086)	(528)	(1,902)
Net book amount	21,269	288	3,170	960	25,687

Notes to the Financial Statements
For the year ended 31 December 2020

7 Non-current assets - Intangible assets

2020

	Accreditation costs	Total
	AED 000's	AED 000's
Year ended 31 December 2020		
Opening net book amount	1,061	1,061
Additions	92	92
Amortisation charge	(156)	(156)
Balance at 31 December 2020	997	997
At 31 December 2020		
Cost	1,241	1,241
Accumulated amortisation	(244)	(244)
Net book amount	997	997

2019

	Accreditation costs	Total
	AED 000's	AED 000's
Period ended 31 December 2019		
Balance transferred from UOWD Ltd	686	686
Additions	463	463
Amortisation charge	(87)	(87)
Balance at 31 December 2019	1,061	1,061
At 31 December 2019		
Cost	1,149	1,149
Accumulated amortisation	(87)	(87)
Net book amount	1,061	1,061

8 Leases

Company as a lessee

The Company has leases over a range of assets including buildings and vehicles. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Company leases buildings for their offices and education institutions, the leases are generally for a period of 10 years and include renewal options to allow the Company to renew for up to once the non-cancellable lease term.

The building lease includes fixed rent increases at certain times during the lease term.

Notes to the Financial Statements
For the year ended 31 December 2020

8 Leases (continued)*Motor Vehicles*

The Company leases vehicles for transport of staff and students. The leases are generally for a period between 1-3 years. The leases do not include enforceable renewal options.

(a) Right-of-use assets**2020**

	Buildings	Motor Vehicles	Total
	AED 000's	AED 000's	AED 000's
Year ended 31 December 2020			
Balance at the beginning of the period	190,506	219	190,725
Additions to right-of-use assets	-	367	367
Remeasurement of right-of-use assets	1,526	-	1,526
Depreciation charge	(19,494)	(275)	(19,769)
Balance at 31 December 2020	172,538	311	172,849

2019

	Buildings	Motor Vehicles	Total
	AED 000's	AED 000's	AED 000's
Period ended 31 December 2019			
Balance at the beginning of the period	-	388	388
Additions to right-of-use assets	192,154	-	192,154
Depreciation charge	(1,648)	(169)	(1,817)
Balance at 31 December 2019	190,506	219	190,725

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	2020	2019
	AED 000's	AED 000's
< 1 year	35,971	17,988
1 – 5 years	102,542	99,947
> 5 years	102,929	129,221
Total undiscounted lease liabilities	241,441	247,156

Lease liabilities included in the Statement of Financial Position

Current	26,627	7,867
Non-current	167,695	180,645
	194,322	188,512

Extension options

Some of the building leases contain extension options which allow the Company to extend the lease term by up to once the original non-cancellable period of the lease.

The Company includes options in the leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

Notes to the Financial Statements
For the year ended 31 December 2020

8 Leases (continued)**(b) Lease liabilities (continued)**

There are AED 287,157,500 (2019: AED 262,769,000) in potential future lease payments which are not included in lease liabilities as the Company has assessed that the exercise of the option is not reasonably certain.

(c) Statement of Comprehensive Income

The amounts recognised in the statement of comprehensive income relating to leases where the Company is a lessee are shown below:

	2020 AED 000's	2019 AED 000's
Interest expense on lease liabilities	10,177	854
Expenses relating to short term leases	63	19,619
Expenses relating to leases of low-value assets	-	307
Depreciation of right-of-use assets	19,769	1,817
	<u>30,009</u>	<u>22,597</u>

(d) Statement of Cash Flows

	2020 AED 000's	2019 AED 000's
Total cash outflow for leases	6,323	20,107

9 Current liabilities – Trade and other payables

	2020 AED 000's	2019 AED 000's
Current		
Unsecured liabilities		
Trade payables	1,124	707
Payable to UOWC Ltd	23(b) -	547
Payable to UOW	23(b) 599	-
Payable to UOWGE Ltd	23(b) 1,041	93
Payable to Parent	23(b) -	1,374
Non-trade payables and accruals	6,603	3,013
Balance at 31 December	<u>9,367</u>	<u>5,734</u>

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 22.

Notes to the Financial Statements
For the year ended 31 December 2020

10 Current liabilities – Provisions

Current

	2020	2019
	AED 000's	AED 000's
Provision for Gratuity	14,980	14,716
Provision for annual leave	642	928
Make good provision	-	2,808
	15,622	18,452

The current provision for the Company includes nil annual leave entitlements accrued but not expected to be taken within 12 months (2019: nil).

The current provision for the Company includes AED 13,500,000 of gratuities accrued but not expected to be taken within 12 months (2019: AED 13,274,000).

11 Current liabilities - Contract liabilities

	2020	2019
	AED 000's	AED 000's
Contract income and amounts received in advance	11,926	12,365

12 Financing arrangements

The Company has access to the following lines of credit with Dubai First and the Standard Chartered Bank in Dubai, as at 31 December:

	2020	2019
	AED 000's	AED 000's
Credit Card Facility		
Available facility	165	225
Used at balance date	(48)	(52)
Unused at balance date	117	173

The line of credit is secured by way of a Registered Mortgage Debenture over the assets and undertakings of UOWD FZ-LLC, including goodwill and uncalled capital and called but unpaid capital.

The Company has bank guarantees outstanding at 31 December 2020 totaling AED 876,631 (2019: AED 195,000).

Notes to the Financial Statements
For the year ended 31 December 2020

13 Non-current liabilities - Provisions

	2020 AED 000's	2019 AED 000's
Site restoration costs	4,985	4,723
	<u>4,985</u>	<u>4,723</u>

Movements in each class of provision during the financial period, other than employee benefits, are set out below:

	2020 AED 000's	2019 AED 000's
Site restoration costs		
Opening balance	4,723	-
Transfer from UOWD Ltd	-	2,704
Unwinding of the discount rate	262	125
Additions	-	4,702
Transfer to current	-	(2,808)
Closing balance at 31 December	<u>4,985</u>	<u>4,723</u>

(a) Site restoration

A provision has been raised in respect of the Group's obligation to remove leasehold improvements from a newly leased premises. Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using a pre-tax discount rate of 5.5%.

14 Issued capital

(a) Ordinary shares

	2020		2019	
	No.	AED	No.	AED
At the beginning and end of the reporting period	50	50,000	50	50,000

Fully paid ordinary shares carry one vote per share and the right to dividends. The shares are held by the University of Wollongong. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

(b) Capital management

When managing capital, the Board of Director's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors has no current plans to issue further shares to its shareholder. The Company currently manages issued capital of AED 50,000.

The Company is not subject to any externally imposed capital requirements.

15 Retained earnings

	2020 AED 000's	2019 AED 000's
Retained earnings (accumulated losses) at the beginning of the period	(1,899)	-
Loss for the year	(38,976)	(1,899)
Balance at 31 December	<u>(40,875)</u>	<u>(1,899)</u>

Notes to the Financial Statements
For the year ended 31 December 2020

16 Dividends

No dividend for the financial year ended 31 December 2020 has been declared or paid (2019: nil).

17 Auditors remuneration

	2020 AED 000's	2019 AED 000's
Auditors of the company		
The Audit Office of New South Wales		
Audit of the financial statements	57	57
Total remuneration for audit and other assurance services	57	57

The audit fee is paid to Audit Office of New South Wales by UOWGE Ltd.

18 Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

- Mr R. Ryan
- Ms. M. Mastroianni
- Professor A. Frino
- Prof. Mohamed-Vall M. Salem Zein (i)
- Professor J. Chicharo
- Manal AlBayat
- HE Dr Aisha Bin Bishr

(i) Prof Mohamed-Vall M. Salem Zein, President of UOWD FZ-LLC, also had authority and responsibility for planning, directing, and controlling the activities of the Company during the period.

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2020 AED 000's	2019 AED 000's
Short-term employment benefits	1,295	1,045
	1,295	1,045

(b) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Company, including their personally related parties.

Notes to the Financial Statements
For the year ended 31 December 2020

19 Statement of cash flow reconciliation**(a) Reconciliation to cash and cash equivalents at 31 December 2020**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2020 AED 000's	2019 AED 000's
As per the Statement of Financial Position			
Cash and cash equivalents	4	<u>5,689</u>	<u>18,350</u>
		<u>5,689</u>	<u>18,350</u>

(b) Reconciliation of profit for the period to net cash flows from operating activities

Loss for the period after income tax	(38,976)	(1,899)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	28,583	3,807
Net gain on disposal of non-current assets	(25)	-
Non-cash interest expense	10,587	838
Unrealised FX	10,149	-
Operating profit / (loss) before change in assets and liabilities	<u>10,318</u>	<u>2,746</u>
(Increase)/ decrease in trade and other receivables	(3,536)	58
(Increase)/ decrease in other assets	-	1,682
Increase/ (decrease) in trade and other payables	3,223	(1,247)
(Decrease)/ increase in current provisions	(2,830)	2
(Increase)/ decrease in contract liabilities	(439)	(12,419)
Increase/ (decrease) in non-current provisions	-	126
Net cash flows from/(used in) operating activities	<u>6,736</u>	<u>(9,052)</u>

Notes to the Financial Statements
For the year ended 31 December 2020

20 Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	2020 AED 000's	2019 AED 000's
Capital expenditure commitments		
Payable:		
Within 1 year	1,532	56,687
Between 1 and 5 years	-	-
More than 5 years	-	-
	<u>1,532</u>	<u>56,687</u>

21 Economic dependency

The Company is dependent upon the University of Wollongong for use of the University's brand and the University's course materials in providing education services.

22 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

*Risk exposures and responses***(a) Credit risk**

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

UOWD-FZ LLC deposits its cash with Standard Chartered.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

Notes to the Financial Statements
For the year ended 31 December 2020

22 Financial risk management (continued)**(a) Credit risk (continued)**

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2020	2019
	AED 000's	AED 000's
Education	7,501	3,195
Other	-	9
	<u>7,501</u>	<u>3,204</u>

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk is managed at group level subject to the Company's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

Notes to the Financial Statements
For the year ended 31 December 2020

22 Financial risk management (continued)**(b) Liquidity risk (continued)***Maturity analysis – non-derivative*

	Within 1 year 2020 AED 000's	1 to 5 years 2020 AED 000's	Over 5 years 2020 AED 000's	Total 2020 AED 000's
Financial Assets				
Cash and cash equivalents	5,689	-	-	5,689
Trade and other receivables	6,496	-	-	6,496
	12,185	-	-	12,185
Financial Liabilities				
Trade and other payables	(9,367)			(9,367)
Borrowings	-	-	(80,192)	(80,192)
Lease liabilities	(24,110)	(102,542)	(102,929)	(229,581)
Net Exposure	(21,292)	(102,542)	(183,121)	(306,955)
	Within 1 year 2019 AED 000's	1 to 5 years 2019 AED 000's	Over 5 years 2019 AED 000's	Total 2019 AED 000's
Company				
Financial Assets				
Cash and cash equivalents	18,350	-	-	18,350
Trade and other receivables	3,007	-	-	3,007
	21,357	-	-	21,537
Financial Liabilities				
Trade and other payables	(5,734)	-	-	(5,734)
Borrowings	-	-	(19,263)	(19,263)
Lease liabilities	(17,988)	(99,947)	(129,226)	(247,161)
Net Exposure	(23,722)	(99,947)	(148,489)	(272,158)

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on purchases that are denominated in currencies other than the functional currency. Whilst the volume of purchases denominated in foreign currencies is quite small, the primary currency in which these transactions are denominated in, is the Australian Dollar (AUD).

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

22 Financial risk management (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

At 31 December 2020, the Company had an exposure to an AUD denominated loan from UOWGE Ltd of AED 80,192,000 (AUD: 28,500,000) (2019: AED 19,263,000 (AUD: 7,500,000))

(ii) Interest rate risk

The Company is not exposed to market interest rates. The Company's cash and cash equivalents and trade receivables are non-interest bearing.

The loan from UOWGE Ltd has a fixed interest rate of 5.5% (2019: 5.5%).

23 Related parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial period are

- Mr R. Ryan
- Ms. M. Mastroianni
- Professor A. Frino
- Prof. Mohamed-Vall M. Salem Zein (i)
- Professor J. Chicharo
- Manal AlBayat
- HE Dr Aisha Bin Bishr

No director has entered into a contract with the Company since the start of the financial period and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Non-director related parties

The classes of non-director related parties are:

- Controlling entity of the Company – UOWD Ltd
- Ultimate controlling entity of the Company – University of Wollongong

Transactions with the related parties

All transactions with non-director related parties are on normal terms and conditions.

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

The Company levies a corporate charge for management and administrative services to the controlling entity.

UOWGE Ltd provides management and transitional services to UOWD-FZ LLC. These services are passed through the Company on commercial terms.

Notes to the Financial Statements
For the year ended 31 December 2020

23 Related parties (continued)**(b) Transactions with related parties (continued)***Transactions*

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are interest free and payable on demand.

The aggregate amounts included in the profit/loss for the financial period that resulted from transactions with non-director related parties are:

	2020 AED 000's	2019 AED 000's
Fees and charges		
Entities owned by the ultimate controlling entity	5,164	4,024
Interest on borrowings		
Entities owned by the ultimate controlling entity	3,130	93
Reimbursable utilities and services		
Ultimate controlling entity of the company	599	-
Entities owned by the ultimate controlling entity	-	590
Total expenditure	8,893	4,707

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2020 AED 000's	2019 AED 000's
Current payables		
Controlling entity of the Company	-	1,374
Ultimate controlling entity - UOW	599	-
Entity controlled by the ultimate controlling entity - UOWGE	1,041	639
Non-Current payables (loans)		
Entities owned by the ultimate controlling entity (a)	80,192	19,263

- (a) The loan from UOWGE Ltd has a fixed interest rate of 5.5% (2019: 5.5%). The term of the loan is until 30 November 2027.

Notes to the Financial Statements
For the year ended 31 December 2020

23 Subsequent events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

24 Contingencies

There were no contingent assets or liabilities for the Company and the Company at 31 December 2020 (2019: nil).

End of audited financial statements

UOW College Hong Kong

Limited by Guarantee

Financial Statements

For the Year Ended 31 December 2020

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UOW College of Hong Kong
Report of the Board of Governors
For the Year ended 31 December 2020

Report of the Board of Governors

The members of the Board of Governors of UOW College Hong Kong ("UOWCHK" or "the Company"), have the pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2020.

General information

Members of Board of Governors

The members of the Board of Governors up to the date of the report were:

Names

Alessandro Frino
Charles Nicholas Brooke
Chiu Lai Har, Rebecca
Chow Wing Shing, Vincent
Damien John Israel
Feng Gang, Gary
Fong Man Hung, David
George Clayton Mackenzie
Gregory Charles West
Jose Fernando Chicharo
Marisa Mastroianni
Mok Wai Kun, Barbara
Ng Glok Hong, Jennifer (resigned on 30 June 2020)
Pang Joseph Yuk Wing
Paul William Wellings
Peter Hammond Robson
Robert James Ryan
Vanessa Bourne (appointed on 1 July 2020)

As there is no provision in UOWCHK's Articles of Association for the annual retirement of the Board of Governors by rotation, all current members continue in office.

UOW College of Hong Kong
Report of the Board of Governors
For the Year ended 31 December 2020

Principal place of address

UOWCHK is a company limited by guarantee under the Hong Kong Companies Ordinance and is incorporated and domiciled in Hong Kong and has its registered office at:

FW402, Festival Walk Tower
80 Tat Chee Avenue
Kowloon Tong
Kowloon

Principal activities

UOWCHK has obtained independent institutional registration with the Hong Kong Education Bureau under the CAP 320 Post-Secondary Colleges Ordinance ("CAP 320"). The principal activity of the Company is to provide education programmes leading to the award of Diploma / Associate Degrees / Degrees of UOW College Hong Kong and Degrees of the University of Wollongong. The Company also provides other professional and short courses not leading to any formal awards for the benefit of the community.

Change of stewardship and company name

The stewardship of UOWCHK was transferred from CityU to University of Wollongong ("UOW") on 1 July 2015. The legal name and entity name of the Company was changed from "Community College of City University 香港城市大學專上學院" to "UOW College Hong Kong 香港伍倫貢學院" in 2017.

Review of operations

The profit for the 12 months to 31 December 2020 was \$35,633,000 (2019: \$95,881,000)

In the previous year, there was an unrealised gain of \$48,881,000 on managed funds held within the CCCU Trust and there is an unrealised gain of \$18,361,000 in the current year.

The COVID-19 pandemic has developed rapidly in 2020. A number of measures have been taken by the Company to mitigate the effects of COVID-19 namely: 1) The majority of classes in this year have been delivered online. 2) Arrangements have been made for alternative assessment in lieu of face-to-face examinations. 3) All College related staff and student travel have been suspended or cancelled. 4) The College has put in place online channels for students to complete new applications, interview, acceptance of offer and registration without requiring their physical presence at the campus. The implementation of border controls has affected the recruitment of Mainland students. However, the impact on revenue is considered not significant, as the Hong Kong government has, over the years, imposed a 10% quota on Mainland student recruitment. In view of the fact that the COVID-19 pandemic has disrupted virtually all types of economic activity in the city and pushed up unemployment rates, the government launched the "Employment Support Scheme" (ESS) to provide time-limited financial support to employers to retain employees. The Company has received a sum of \$9.7m in the year ended 31 December 2020 under ESS.

The Hong Kong post-secondary market continues to be highly competitive, generating immense pressure on the College's enrolments. The market is shrinking under the local demographic decline, resulting in an oversupply of degree and sub degree programmes offered by well-established and highly regarded institutions. Apart from these external challenges in the market situation, the transition from the CityU brand to the new UOW brand and the uncertainty on campus arrangement have also negatively impacted on the College's new student enrolments for this year, leading to a drop in market share and a decline in tuition fee income compared to the previous year.

As CityU requires the Company to fully vacate from its premises by mid-2021, the Company has completed the acquisition of Levels 1 and 2 of Billionnaire Royale on 30 October 2020 and entered into lease agreement for Levels 1 and 2 of the adjacent Le Billionnaire. The new campus will be operational before the commencement of Semester A of 2021/22.

The development of the Tai Wai campus is progressing well. The concept design has been finalised and interior design consultants have been appointed. At this stage, the Government Land Grant on the Tai Wai site does not yet involve any legal obligation on the College until a Tenancy Agreement and a Service Agreement have been agreed and put in force.

UOW College of Hong Kong
Report of the Board of Governors
For the Year ended 31 December 2020

Transfer of funds to CCCU Trust

Upon the transfer of the stewardship of UOWCHK from CityU to UOW on 1 July 2015, CityU held the funds as trustee for UOWCHK in accordance with the Trust Deed dated 1 July 2015. The Trust Deed was entered into between CityU, UOWCHK and UOWD Ltd, a wholly-owned subsidiary of UOW. CityU holds the funds on trust to invest or apply for operation of UOWCHK subject to the powers and provisions set out in the Trust Deed. Further information is provided on Note 8 of the financial statements.

Development funds

Details of the movement in development funds of UOWCHK during the financial year are set out on page 14 of the financial statements.

Members' interest in transactions, arrangements or contracts

During the financial year, UOWCHK had transactions with related parties as set out in Note 24 of the financial statements.

No contract of significance to which UOWCHK, UOW or any of UOW's subsidiaries was a party, and in which a member of the Board of Governors of UOWCHK had a material interest, subsisted at the end of the financial year or at any time during the financial year.

Apart from the above, at no time during the financial year was UOWCHK, UOW or any of the UOW subsidiaries a party to any arrangement to enable the member of the Board of Governors to acquire benefits by means of the acquisition of shares in or debentures of any other body corporate.

State of affairs

Apart from the matters referred to above, there was no other significant changes in the state of affairs of the Company that occurred during the year ended 31 December 2020.

Retirement scheme

UOWCHK operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for its employees. The scheme is a defined contribution scheme administered by independent trustees. UOWCHK and its employees are each required to make contributions to the scheme at 5% of the employees' salaries, subject to a cap of monthly salary of \$30,000. Contributions to the scheme vest immediately.

Management contracts

UOWCHK did not enter into any contract, other than the contracts of services with the members of the Board of Governors or any person engaged in full-time employment of UOWCHK by which a person undertakes the management and administration of the whole, or any substantial part of any business of UOWCHK during the year.

Events subsequent to reporting date

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

UOW College of Hong Kong
Report of the Board of Governors
For the Year ended 31 December 2020

Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

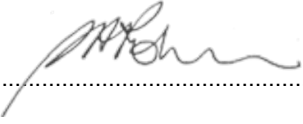
Rounding off


Amounts in the financial statements have been rounded off to the nearest thousand Hong Kong dollars (HKD), or in certain cases, the nearest HKD.

Auditors

For Australian reporting compliance, the Auditors are The Audit Office of New South Wales.

Signed in accordance with a resolution of the Board of Governors:

Member: 
Peter Robson

Member: 
Vanessa Bourne

Dated 25 March 2021

Hong Kong

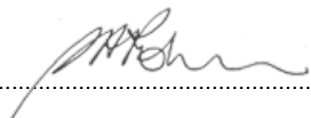
**Certificate under the Public Finance and Audit Act 1983
For the Year ended 31 December 2020**

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Governors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW College Hong Kong as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Member:



Peter Robson

Member:



Vanessa Bourne

Dated 25 March 2021

Hong Kong

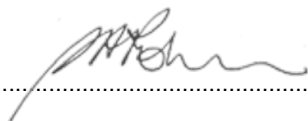
Board of Governors Declaration UOW College Hong Kong
For the Year ended 31 December 2020

In accordance with the resolution of the members of the Board of Governors of the Company, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW College Hong Kong as at the 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Member:



Peter Robson

Member:



Vanessa Bourne

Dated 25 March 2021

Hong Kong



INDEPENDENT AUDITOR'S REPORT

UOW College Hong Kong

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW College Hong Kong (the UOWCHK), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Funds and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of UOWCHK as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of UOWCHK in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

UOWCHK's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Governors of UOWCHK are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Report of the Board of Governors
- Certificate under the *Public Finance and Audit Act 1983*
- Board of Governors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Governors' Responsibilities for the Financial Statements

The Governors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Governors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing UOWCHK's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that UOWCHK carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in grey ink, appearing to read 'D Ryan', with a stylized, cursive script.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

UOW College Hong Kong

**Start of audited financial statements
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended 31 December 2020**

		2020	2019
		HKD 000's	HKD 000's
Tuition revenue	2	227,606	276,428
Other tuition related fees	2	2,356	3,509
Unrealised gain arising on financial assets designated as at fair value	2	18,361	48,881
Other income	2	34,289	29,669
		282,612	358,487
Employee related expenses		(104,435)	(108,778)
Depreciation and amortisation expense	3	(46,773)	(50,881)
Administration and site expenses		(14,572)	(8,034)
Marketing expenses		(1,501)	(1,664)
City University of Hong Kong management fees		(27,836)	(53,593)
Other expenses		(42,890)	(31,695)
Finance costs		(8,972)	(7,961)
		(246,979)	(262,606)
Profit for the year		35,633	95,881
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		35,633	95,881

UOW College Hong Kong

Statement of Financial Position As At 31 December 2020

	Note	2020 HKD 000's	2019 HKD 000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	201,962	287,926
Other financial assets	6	100,000	-
Trade and other receivables	7	41,292	28,574
TOTAL CURRENT ASSETS		343,254	316,500
NON-CURRENT ASSETS			
Other financial assets	8	475,279	961,478
Property, plant and equipment	9	509,871	8,506
Right of use assets	11	148,648	127,805
Intangible assets, net	10	18,628	19,311
TOTAL NON-CURRENT ASSETS		1,152,426	1,117,100
TOTAL ASSETS		1,495,680	1,433,600
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	17,124	26,761
Provisions	13	4,891	3,873
Lease liabilities	11	33,168	28,783
Contract liabilities	14	26,455	16,815
TOTAL CURRENT LIABILITIES		81,638	76,232
NON-CURRENT LIABILITIES			
Lease liabilities	11	124,423	103,382
TOTAL NON-CURRENT LIABILITIES		124,423	103,382
TOTAL LIABILITIES		206,061	179,614
NET ASSETS		1,289,619	1,253,986
DEVELOPMENT FUNDS			
Capital contribution reserve	16	38,851	38,851
Surplus reserve	17	1,250,768	1,215,135
TOTAL FUNDS		1,289,619	1,253,986

The accompanying notes form part of these financial statements

UOW College Hong Kong

Statement of Cash Flows For the Year ended 31 December 2020

		2020	2019
	Note	HKD 000's	HKD 000's
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from students and other customers		261,473	289,448
Payments to suppliers and employees		(194,680)	(205,750)
Interest paid for lease liabilities		(8,972)	(7,961)
Net cash flows from operating activities	20(b)	<u>57,821</u>	<u>75,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	9	(504,034)	(6,344)
Purchase of intangible assets	10	(7,622)	(18,611)
Interest received		3,242	4,837
Managed fund distributions		495,845	9,114
Managed fund reinvested		-	(9,114)
Net cash flows used in investing activities		<u>(12,569)</u>	<u>(20,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal portion of lease payments		(31,216)	(37,895)
Net cash flows used in financing activities		<u>(31,216)</u>	<u>(37,895)</u>
Net increase in cash and cash equivalents		14,036	17,724
Cash and cash equivalents at beginning of the year		287,926	270,202
Cash and cash equivalents at end of the year	20(a)	<u>301,962</u>	<u>287,926</u>

The accompanying notes form part of these financial statements

UOW College Hong Kong

Statement of Changes in Funds For the Year ended 31 December 2020

2020

	Capital Contribution Reserve HKD 000's	Surplus Reserve HKD 000's	Total HKD 000's
Balance at 1 January 2020	38,851	1,215,135	1,253,986
Profit for the year	-	35,633	35,633
Other comprehensive income	-	-	-
Balance at 31 December 2020	38,851	1,250,768	1,289,619

2019

	Capital Contribution Reserve HKD 000's	Surplus Reserve HKD 000's	Total HKD 000's
Balance at 1 January 2019	38,851	1,119,254	1,158,105
Profit for the year	-	95,881	95,881
Other comprehensive income	-	-	-
Balance at 31 December 2019	38,851	1,215,135	1,253,986

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purpose of financial reporting the Company is a not-for-profit entity.

The Company is incorporated as a company limited by guarantee under the Hong Kong Company Ordinance.

The financial statements have been prepared for the 12 months up to and including 31 December 2020.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Company's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The financial statements were authorised for issue in accordance with a resolution of the Board of Governors on 25 March 2021.

(b) Statement of compliance

The financial statements are presented in Hong Kong dollars which is the Company's functional currency and figures are rounded to the nearest thousand Hong Kong Dollar ('000), or in certain cases the nearest dollar. The financial statements are prepared on a historical cost basis.

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 1(p).

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1 Summary of Significant Accounting Policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(d) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for credit losses. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables and advances, with no stated interest rate are measured at the original invoice or contract amount, where the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for credit loss is recognised when there is objective evidence that the Company will not be able to collect the receivable or if the receivable is more than two years overdue.

(e) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

1 Summary of Significant Accounting Policies (continued)

(f) Other financial assets

(i) Other financial assets - current

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(ii) Other financial assets - non-current

Classification of other financial assets - non-current

Other financial assets comprising principally managed funds held by CCCU Trust, are non-derivatives that are designated in this category. They are included in non-current assets arising unless the Company intends to dispose of the investment within 12 months of the reporting date.

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Unrealised gains or losses on the fair value of the managed funds, including the conversion from US dollars to Hong Kong dollars, are recognised in the statement of profit or loss.

Managed Fund distributions are recognised in accordance with the accounting policy outlined in note 1(l)(iv).

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than HK\$5,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

1 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
• Leasehold improvements	20 or duration of lease
• Plant and Equipment	20 to 25
• Library holdings	5
• Computer Equipment	33.33

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(h) Intangibles

(i) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ii) Accreditation costs

Accreditation costs are recorded at cost less accumulated amortisation. Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight basis over the period that accreditation approval is given for. Accreditation costs have a finite useful life. The period of accreditation approval is three to five years.

(i) Trade and other payables

Trade and other payables are carried at fair value, which is usually the transaction cost, and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of these goods and services. Agent fees are recognised when a student accepts an offer to commence studying. They are carried at fair value, and due to their short term nature they are not discounted. Trade accounts payable are generally settled within 30 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(j) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Long service leave

The Company's net obligation in respect of long term service benefits, other than defined contribution superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using expected future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

1 Summary of Significant Accounting Policies (continued)

(j) Employee benefits (continued)

(iii) Defined contribution retirement plans – Mandatory Provident Fund Scheme

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

To determine whether to recognise revenue, the Company follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

(i) Tuition fees

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year-end, for a course commencing in the following year, are recognised as income received in advance.

Tuition fees, are course fees relating to the provision of educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial period. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer Note 14.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

1 Summary of Significant Accounting Policies (continued)

(l) Revenue and other income (continued)

(i) Tuition fees (continued)

The Company also generates revenue from other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial period. These other fees, earned during the current period are disclosed in Note 2.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Further disclosure on revenue is provided in Note 2.

(ii) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(iii) Managed Fund distributions

Managed Fund distributions are recognised as income when they are declared by the Fund manager.

(iv) Government subfunding

Revenue from government funding is recognised at fair value where the Company obtains control of the right to receive the grant, it is probable that economic benefit will flow to the Company and it can be reliably measured.

1 Summary of Significant Accounting Policies (continued)

(m) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(n) Income tax

UOWCHK is exempted from payment of Hong Kong Profits Tax by virtue of section 88 of the Hong Kong Inland Revenue Ordinance.

(o) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(p) Critical accounting estimates and judgements

The Board of Governors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

1 Summary of Significant Accounting Policies (continued)

(q) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Company has decided against early adoption of these standards.

The impact of the standards most relevant to the Company are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(r) Development funds

Development funds comprise of a capital contribution reserve and a surplus reserve.

(s) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(t) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

1 Summary of Significant Accounting Policies (continued)
(t) Financial instruments (continued)

(iii) Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

Trade receivables and contract assets impairment

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(iv) Financial liabilities

The financial liabilities of the Company comprise of trade & other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

1 Summary of Significant Accounting Policies (continued)

(u) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and if that person:
 - (i) has control or joint control of the Company;
 - (ii) has significant influences over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) The party is an entity and if any of the following conditions apply:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entity and the Company are joint ventures of the same party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in a(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity);
 - (viii) the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company;
 - (ix) Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

UOW College Hong Kong
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2 Revenue and other income

	2020	2019
	HKD 000's	HKD 000's
Sales revenue		
- Tuition fees	227,606	276,428
- Other tuition related fees	<u>2,356</u>	<u>3,509</u>
Total sales revenue	<u><u>229,962</u></u>	<u><u>279,937</u></u>
 Unrealised gain on investment fund	 <u>18,361</u>	 <u>48,881</u>
 Other income		
- Interest income	3,504	5,963
- Other fees	21,025	14,592
- Government grants	9,760	-
- Realised gain on investment fund	<u>-</u>	<u>9,114</u>
Total other income	<u><u>34,289</u></u>	<u><u>29,669</u></u>
Total revenue and other income	<u><u>282,612</u></u>	<u><u>358,487</u></u>
 Timing of revenue recognition		
Revenue recognised over time	227,606	276,428
Revenue recognised at a point in time	<u>2,356</u>	<u>3,509</u>
Total sales revenue	<u><u>229,962</u></u>	<u><u>279,937</u></u>

UOW College Hong Kong
Notes to the Financial Statements
For the Year ended 31 December 2020

3 Expenses

	2020 HKD 000's	2019 HKD 000's
Depreciation		
- Leasehold improvements	1,818	2,250
- Plant and equipment	213	155
- Computer equipment	633	340
- Library holdings	5	-
- Right of use asset	35,799	42,255
Total depreciation	<u>38,468</u>	<u>45,000</u>
Amortisation		
- Accreditation	3,196	4,544
- Software	5,109	1,337
Total amortisation	<u>8,305</u>	<u>5,881</u>
Total depreciation and amortisation	<u>46,773</u>	<u>50,881</u>

The result for the year ended 31 December 2020 includes the following specific expenses

	2020 HKD 000's	2019 HKD 000's
Contributions to defined contribution retirement scheme	2,822	3,082
Interest expenses on lease liabilities	8,972	7,961

4 Income tax expense

UOWCHK is exempted from payment of Hong Kong Profits tax by virtue of section 88 of the Hong Kong Inland Revenue Ordinance.

5 Current assets - Cash and cash equivalents

	2020 HKD 000's	2019 HKD 000's
Bank balances	201,932	46,558
Short-term deposit	-	241,338
Cash on hand	30	30
Cash at bank and on hand	<u>201,962</u>	<u>287,926</u>

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in Note 23.

6 Current assets – Other financial assets

	2020 HKD 000's	2019 HKD 000's
Bank deposit with maturity over three months	100,000	-
Other financial assets	<u>100,000</u>	<u>-</u>

The effective interest rate on bank deposit with maturity over three months was 0.56% per annum. These deposits have a weighted average maturity of 126 days.

UOW College Hong Kong
Notes to the Financial Statements
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7 Current assets- Trade and other receivables

		2020 HKD 000's	2019 HKD 000's
Current			
Net receivables from related parties			
- CCCU Trust	23(b)	177	360
- University of Wollongong	23(b)	288	-
- UOW Malaysia KDU Penang University College Sdn Bhd	23(b)	-	342
Students		18,072	8,218
Less: allowance for credit losses (a)		-	-
		<u>18,537</u>	<u>8,920</u>
Other receivables		1,089	1,242
Prepayments and deposits		21,666	18,412
Total current trade and other receivables		<u>41,292</u>	<u>28,574</u>

(a) Past due but not impaired

At 31 December, the ageing analysis of trade receivables is as follows:

	2020 HKD 000's	2019 HKD 000's
0 - 30 days	15,264	6,875
31 - 60 days	1	23
61 - 90 days	1,860	1,882
91+ days	1,412	140
	<u>18,537</u>	<u>8,920</u>

Trade receivables are non-interest bearing and are generally on a 30 day term.

Receivables past due but not considered impaired are \$3,272,000 (2019: \$2,045,000) for the Company as management have undertaken a review of the current receivables listings and in their opinion they expect these receivables will be received.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

(c) Deposits held as security

The amount of UOWCHK's trade and other receivables expected to be recovered after more than one year is \$17,862,000 (2019: \$13,717,000) and represents various deposits held as security.

8 Other financial assets – Investment in CCCU Trust

	2020 HKD 000's	2019 HKD 000's
Funds invested in CCCU Trust	<u>475,279</u>	<u>961,478</u>

(a) Transfer of Funds to CCCU Trust

Upon the transfer of stewardship of UOWCHK from City University of Hong Kong (CityU) to UOW on 1 July 2015, CityU held the funds as trustee for UOWCHK in accordance with the Trust Deed dated 1 July 2015 ("CCCLI Trust"). The Trust Deed was entered into among CityU, UOWCHK and UOWD Ltd, a wholly-owned subsidiary of UOW for which CityU holds the funds on trust to invest or apply for operation of UOWCHK subject to the powers and provisions set out in the Trust Deed.

The amount of the funds transferred to CCCU Trust, effective 1 July 2015 was \$879,805,000.

(b) Impairment and risk exposure

None of the other financial assets are either past due or impaired.

With the exception of 8(c) below, all other financial assets are denominated in Hong Kong currency. As a result, there is no exposure to foreign currency risk.

(c) Managed funds

In late 2016, UOWCHK entered into an agreement for investment advisory services from Mercer Global Investments Europe Limited. In late January 2017, the initial transfer of HK\$800,000,000 was transferred from bank term deposits to an investment in a range of US dollar denominated managed funds, on behalf of the Trust.

For the acquisition of property at Billionaire Royale, the Company liquidated part of the managed funds, amounting to HK\$506,645,000 (US\$65,490,602).

The revised investment mandate will firstly provide an exposure to movements in the US dollar and secondly result in more variable investment returns when compared to the returns from Hong Kong bank term deposits.

The Trust recognises managed fund distributions in accordance with the accounting policy outlined in Note 1(f).

Unrealised gains or losses on fair value of managed funds, including the conversion from US dollars to Hong Kong dollars, are recognised in the statement of profit and loss.

Refer to Note 23(c)(i) for details of foreign currency exposure.

Valuation assumptions

The fair value of the funds are derived from the daily redemption values published by the investment manager, with no further adjustment or discounting.

9 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Library Holdings	Total
	HKD 000's	HKD 000's	HKD 000's	HKD 000's	HKD 000's	HKD 000's
Year ended 31 December 2020						
Opening net book amount	4,745	2,152	477	1,132	-	8,506
Additions	501,284	868	147	1,564	171	504,034
Depreciation charge	-	(1,818)	(213)	(633)	(5)	(2,669)
Balance at 31 December 2020	506,029	1,202	411	2,063	166	509,871

At 31 December 2020

Cost	506,029	59,071	980	7,398	171	573,650
Accumulated depreciation	-	(57,869)	(569)	(5,335)	(5)	(63,779)
Net book amount	506,029	1,202	411	2,063	166	509,871

2019

	Capital Works in Progress	Leasehold Improvements	Plant and equipment	Computer equipment	Total
	HKD 000's	HKD 000's	HKD 000's	HKD 000's	HKD 000's
Year ended 31 December 2019					
Opening net book amount	272	3,904	339	332	4,847
Additions	4,473	498	293	1,140	6,404
Depreciation charge	-	(2,250)	(155)	(340)	(2,745)
Balance at 31 December 2019	4,745	2,152	477	1,132	8,506

At 31 December 2019

Cost	4,745	58,203	834	5,834	69,616
Accumulated depreciation	-	(56,051)	(357)	(4,702)	(61,110)
Net book amount	4,745	2,152	477	1,132	8,506

10 Non-current assets - Intangible assets

2020

	Computer Software	Accreditation costs	Total
	HKD 000's	HKD 000's	HKD 000's
Year ended 31 December 2020			
Opening net book amount	9,826	9,485	19,311
Additions	4,743	2,879	7,622
Amortisation charge	(5,109)	(3,196)	(8,305)
Balance at 31 December 2020	9,460	9,168	18,628
At 31 December 2020			
Cost	12,942	10,765	23,707
Accumulated amortisation	(3,482)	(1,597)	(5,079)
Net book amount	9,460	9,168	18,628

2019

	Computer Software	Accreditation costs	Total
	HKD 000's	HKD 000's	HKD 000's
Year ended 31 December 2019			
Opening net book amount	-	6,581	6,581
Additions	11,163	7,448	18,611
Amortisation charge	(1,337)	(4,544)	(5,881)
Balance at 31 December 2019	9,826	9,485	19,311
At 31 December 2019			
Cost	11,163	13,613	24,776
Accumulated amortisation	(1,337)	(4,128)	(5,465)
Net book amount	9,826	9,485	19,311

11 Leases

Company as a lessee

The Company leases buildings for their offices and education institutions, the leases are generally between 3-5 years.

The leases include periodic fixed increases.

(a) Right-of-use assets

2020

	Buildings	Total
	HKD 000's	HKD 000's
Year ended 31 December 2020		
Balance at the beginning of the year	127,805	127,805
Additions to right-of-use assets	67,551	67,551
Disposals	(10,909)	(9,061)
Depreciation charge	(35,799)	(35,799)
Balance at 31 December 2020	148,648	148,648

2019

	Buildings	Total
	HKD 000's	HKD 000's
Year ended 31 December 2019		
Balance at the beginning of the year	169,452	169,452
Depreciation charge	(42,255)	(42,255)
Additions to right-of-use assets	608	608
Balance at 31 December 2019	127,805	127,805

11 Leases (continued)

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	2020 HKD 000's	2019 HKD 000's
< 1 year	40,635	34,886
1 – 5 years	135,450	116,659
> 5 years	-	-
Total undiscounted lease liabilities	176,085	151,545

Lease liabilities included in the statement of financial position

Current	33,168	28,783
Non-current	124,423	103,382
Total undiscounted lease liabilities	157,591	132,165

Extension options

There are no enforceable extension options included in the leases.

(c) Statement of Comprehensive Income

The amounts recognised in the statement of comprehensive income relating to leases where the Company is a lessee are shown below:

	2020 HKD 000's	2019 HKD 000's
Interest expense on lease liabilities	(8,972)	(7,961)
Depreciation of right-of-use assets	(35,799)	(42,255)
	(44,771)	(50,216)

(d) Statement of Cash Flows

	2020 HKD 000's	2019 HKD 000's
Total cash outflow for leases	40,188	45,856

12 Current liabilities – Trade and other payables

	2020 HKD 000's	2019 HKD 000's
Current		
Trade payables		
- Payable to University of Wollongong	1,206	4,445
- Payable to UOWC Ltd	-	97
- Payable to UOW Malaysia KOU Penang University College Sdn Bhd	-	105
- Payable to City University Hong Kong	10,003	16,448
- Other	1,570	1,225
Non-trade payables and accruals		
- Payable to UOWGE Ltd	156	-
- Other	4,189	4,441
Balance at 31 December	17,124	26,761

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 23.

13 Current liabilities – Provisions

	2020 HKD 000's	2019 HKD 000's
Current		
Provision for annual leave	4,176	3,505
Provision for long service leave	715	368
	4,891	3,873

The current provision for the Company includes \$505,000 annual leave entitlements accrued but not expected to be taken within 12 months (2019: \$173,000).

The current provision for the Company includes \$540,000 long service leave accrued but not expected to be taken within 12 months (2019: \$294,000).

14 Current liabilities - Contract liabilities

	2020 HKD 000's	2019 HKD 000's
Tuition fees and amounts received in advance	20,572	15,658
Deferred government subvention	5,883	1,157
	26,455	16,815

15 Financing arrangements

	2020 HKD 000's	2019 HKD 000's
Credit Card Facility		
Available facility	-	50
Used at balance date	-	-
Unused at balance date	<u>-</u>	<u>50</u>

The Company has no access to any credit card facility as at 31 December 2020.

16 Capital Contribution reserve

	2020 HKD 000's	2019 HKD 000's
At the beginning and end of the reporting period	<u>38,851</u>	<u>38,851</u>

The balance of capital contribution reserve represents the identifiable net assets at 1 July 2004 transferred to UOWCHK as the initial capital contribution upon the incorporation of UOWCHK as a separate entity.

(a) Capital management

UOWCHK's objective is to establish and maintain as an education institution. UOWCHK is limited by guarantee and has no share capital. It is not the subject to any externally imposed capital requirements. UOWCHK's activities are mainly funded by capital contribution and surplus from operations.

The development funds of UOWCHK is managed according to the financial management guidelines and procedure of UOWCHK in meeting its objectives with the view of safeguarding the entity's ability to continue as a going concern.

17 Surplus Reserve

	2020 HKD 000's	2019 HKD 000's
Balance at beginning of the year	1,215,135	1,119,254
Profit for the year	35,633	95,881
Balance at 31 December	<u>1,250,768</u>	<u>1,215,135</u>

18 Auditors remuneration

	2020 HKD	2019 HKD
Auditors of the company		
The Audit Office of New South Wales		
Audit of the financial statements	290,000	200,000
Total remuneration for audit and other assurance services	290,000	200,000

The Company has also accrued and expensed \$63,830 (2019: \$70,000) for the audit fee payable on behalf of the CCCU Trust, for the preparation of financial statements for Australian reporting compliance.

19 Key management personnel disclosures

The following were key management personnel of the Board of Governors of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

- Peter Hammond Robson
- Charles Nicholas Brooke
- Fong Man Hung, David
- Mok Wai Kun, Barbara
- Pang Yuk Wing, Joseph
- Robert James Ryan
- Chiu Lai Har, Rebecca
- Feng Gang, Gary
- George Clayton Mackenzie
- Paul William Wellings
- Jose Fernando Chicharo
- Alessandro Frino
- Damien John Israel
- Marisa Mastroianni
- Gregory Charles West
- Chow Wing Shing, Vincent
- Ng Glok Hong, Jennifer (resigned on 30 June 2020)
- Vanessa Bourne (appointed on 1 July 2020)

Vanessa Bourne (President of UOWCHK from 1 July 2020) and Jennifer Ng (President of UOWCHK till 30 June 2020), also had authority and responsibility for planning, directing, and controlling the activities of the Company during the year.

19 Key management personnel disclosures (continued)

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Name	Position
Vanessa Bourne	President (with effect from 1 July 2020, formerly Chief of Staff)
Jennifer Ng	Consultant (with effect from 1 July 2020, formerly President)
Vrijmoed Kwan Lee Pin, Lilian	Vice President (Academic)
Choi Yiu Kuen, Charlie	Vice President (Planning)
Cheung Siu Kau	Academic Registrar (Appointed on 14 September 2020)
Chan Yiu Bing	Secretary for Finance and Operations

In addition to their salary, the Company also provides non-cash benefits to the executive officer, and contributes to a post-employment defined contributions retirement plan.

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2020	2019
	HKD 000's	HKD 000's
Short-term employment benefits	9,441,045	9,554,752
Post-employment benefits	64,500	72,000
	<u>9,505,545</u>	<u>9,626,752</u>

(b) Loans to key management personnel

No loans have been made to the members of the Board of Governors and other key management personnel of the Company, including their personally related parties.

20 Statement of cash flow reconciliation

(a) Reconciliation to cash and cash equivalents at 31 December 2020

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2020 HKD 000's	2019 HKD 000's
As per the Statement of Financial Position			
Cash and cash equivalents	5	201,962	287,926
Other financial assets	6	100,000	-
Total reserves		301,962	287,926

(b) Reconciliation of profit for the year to net cash flows from operating activities

Profit for the year		35,633	95,881
<i>Adjustments for:</i>			
Depreciation and amortisation expense		46,773	50,881
Interest received		(3,504)	(5,963)
Realised loss / (gain) arising on financial assets designated as at fair value		8,350	(9,114)
Unrealised gain arising on financial assets designated as at fair value		(18,360)	(48,881)
Operating profit before change in assets and liabilities		68,891	82,804
(Increase) / decrease in trade and other receivables		(8,914)	(5,748)
Decrease / (increase) in other financial assets		(3,542)	675
(Decrease) in trade and other payables		(9,273)	(2,167)
(Decrease) in contract liabilities		9,640	667
Increase / (decrease) in provisions		1,018	(494)
Net cash flows from operating activities		57,821	75,737

21 Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	2020 HKD 000's	2019 HKD 000's
Capital expenditure commitments		
Payable:		
Within 1 year	9,459	4,134
Between 1 and 5 years	-	-
More than 5 years	-	-
	<u>9,459</u>	<u>4,134</u>

22 Deferred government subvention

	2020 HKD 000's	2019 HKD 000's
a) Matching Grant for the Pilot Mainland Experience Scheme for Post-Secondary Students	-	21
b) Scheme for Subsidy on Exchange for PS Students (SSE)	1,097	218
c) Non-Means-Tested Mainland Experience Scheme for PS Students (MES)	113	75
d) Scheme for Subsidy on Exchange to "Belt and Roads" Regions for PS Students (Means-Tested SSEBR)	283	100
e) Scheme for Subsidy on Exchange to "Belt and Roads" Regions for PS Students (Non-Means-Tested SSEBR)	1,742	871
f) Self-Financing Post-Secondary Scholarship Scheme	1,350	430
g) QESS - Student Counselling Services and Personal Development Centre	-	190
h) QESS - Student English Enhancement Unit (SEE U)	(140)	(269)
i) QESS - A College Level Student Learning Support System	442	-
j) RGC FDS - Identity and Remembrance: Investigating the Poetry of Qing Adherents in Hong Kong During the Republican Period	219	-
k) RGC FDS - Solving the unsolvable: Effecting speedy, massive and quality translation of Hong Kong case law on a human-machine-interactive-translation platform	749	
l) Accreditation Grant Scheme for Self-financing Programmes	4,669	3,214
m) Non-means-tested Subsidy Scheme for Self-Financing Undergraduate Studies in Hong Kong	(4,641)	(3,693)
	<u>5,883</u>	<u>1,157</u>

22 Deferred government subvention (continued)

(a) Matching Grant for the Pilot mainland Experience Scheme for Post-Secondary Students

The Matching Grant for the Pilot Mainland Experience Scheme for Post-secondary Students was a five-year scheme launched in 2011-2012 to subsidise the post-secondary students participating in short-term internship or learning programmes in the Mainland on matching basis. UOWCHK has complied with the requirements of the Scheme and the details of Matching Grants, Matched Donations of the Scheme and their related expenditures are separately disclosed as follows:

	Matched Grants		Matched Donations	
	2020	2019	2020	2019
	HKD 000's	HKD 000's	HKD 000's	HKD 000's
Balance at beginning of financial year	21	21	21	21
Expenditure				
Returned to the Government	<u>(21)</u>	<u>-</u>	<u>(21)</u>	<u>-</u>
Balance at the end of financial year	<u>-</u>	<u>21</u>	<u>-</u>	<u>21</u>

(b) Scheme for Subsidy on Exchange for Post-secondary Students (SSE)

The Scheme for Subsidy on Exchange for Post-secondary Students (SSE) was launched in January 2015 to subsidize financially needy students studying full-time locally accredited undergraduate (including top-up) and sub-degree programmes to participate in outbound exchange programmes. UOWCHK has complied with the requirements of the SSE and the details of the income and expenditure of SSE are separately disclosed as follows:

	2020	2019
	HKD 000's	HKD 000's
Balance at the beginning if the financial year	218	708
Income		
Subsidy received	866	926
Adjustment made for 2017/18	13	-
	<u>1,097</u>	<u>1,634</u>
Expenditure		
Subsidy to students	-	(266)
Returned to the Government	-	(1,150)
Balance at the end of the financial year	<u>1,097</u>	<u>218</u>

22 Deferred government subvention (continued)

(c) Non-Means tested Mainland Experience Scheme for post-secondary Students (MES)

The Non-means-tested Mainland Experience Scheme for Post-secondary Students (MES) was launched in July 2019 to encourage more post-secondary students to pursue exchange activities in the Mainland. UOWCHK has complied with the requirements of the MES and the details of the income and expenditure of the MES are separately disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning of the financial year	75	-
Income		
Subsidy received	113	75
	<u>188</u>	<u>75</u>
Expenditure		
Subsidy to students	-	-
Returned to the Government	(75)	-
	<u>(75)</u>	<u>-</u>
Balance at the end of the financial year	113	75

(d) Scheme for Subsidy on Exchange to "Belt and Road" Regions for Post-secondary Students (Means-Tested SSEBR)

The Scheme for Means-tested Subsidy on Exchange to "Belt and Road" Regions for Post-secondary Students (Means-tested SSEBR) was launched in July 2016 to encourage and support students in need to go on exchanges in the "Belt and Road" B&R regions. UOWCHK has complied with the requirements of the Means-tested SSEBR and the details of the income and expenditure of the Means-tested SSEBR are separately disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning of the financial year	100	100
Income		
Subsidy received	196	200
	<u>296</u>	<u>300</u>
Expenditure		
Subsidy to students	-	(8)
Returned to the Government	-	(192)
Adjustment made for 2017/18	(13)	-
	<u>(13)</u>	<u>-</u>
Balance at the end of the financial year	283	100

22 Deferred government subvention (continued)

(e) Scheme for Subsidy on exchange to “Belt and Road” Regions for Post-secondary Students (Non-Means-Tested SSEBR)

To encourage more post-secondary students to pursue exchange activities in the Belt and Road (B&R) regions, the Scheme for Non-means-tested Subsidy on Exchange to “Belt and Road” Regions for Post-secondary Students (Non-means-tested SSEBR) was launched in July 2019. UOWCHK has complied with the requirements of the Non-means-tested SSEBR and the details of the income and expenditure of the Non-means-tested SSEBR are separately disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning of the financial year	871	-
Income		
Subsidy received	871	871
	<u>1,742</u>	<u>871</u>
Expenditure		
Subsidy to students	-	-
Returned to the Government	-	-
Balance at the end of the financial year	<u>1,742</u>	<u>871</u>

(f) Self-financing Post-Secondary Scholarship Scheme

The Self-financing Post-secondary Scholarship Scheme aims to offer scholarships and awards to students pursuing full-time locally accredited self-financing sub-degree or bachelor's degree (including top up degree) programmes at non-profit making education institutions. UOWCHK has complied with the requirements of the Scheme and the details of the income and expenditure of the scheme are separately disclosed below:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning of the financial year	430	40
Income		
Subsidy received	5,215	7,040
	<u>5,645</u>	<u>7,080</u>
Expenditure		
Subsidy to students	(3,895)	(6,410)
Returned to the Government	(400)	(240)
Balance at the end of the financial year	<u>1,350</u>	<u>430</u>

22 Deferred government subvention (continued)

(g) QESS – Student Counselling Services and Personal Development Centre

With the support of the Quality Enhancement Support Scheme, a two-year project titled "Student Counselling Services and Personal Development Centre" was launched in September 2017. This project aims to enhance the provision and effectiveness of personal development, counselling services and mental health awareness education to students of UOWCHK. UOWCHK has complied with the requirements of the scheme and the related expenditure are disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning if the financial year	190	7
Income		
Subsidy received	-	821
	190	828
Expenditure		
Project expenditure	-	(638)
Returned to the Government	(190)	-
Balance at the end of the financial year	-	190

(h) QESS – Student English Enhancement Unit (See U)

With the Support of the Quality Enhancement Support Scheme, a two-year Project titled "Student English Enhancement Unit (Project SEE U)" was launched in September 2018. This project aims to strengthen students' English language at the foundation level. The pedagogical activities in SEE U Project have been designed to cater to the students' needs, aiming at improving their English linguistic competencies in reading, writing, speaking and listening. UOWCHK has complied with the requirements of the scheme and the related expenditure are disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning if the financial year	(269)	212
Income		
Subsidy received	802	484
	533	696
Expenditure		
Project expenditure	(673)	(965)
Balance at the end of the financial year	(140)	(269)

22 Deferred government subvention (continued)

⑩ QESS - A College Level Student Learning Support System

With the Support of the Quality Enhancement Support Scheme, a three-year Project titled "A College Level Student Learning Support System" was launched in September 2020. This project aims to enhance students' command of learning and study strategies for effective learning and achievement of the intended learning outcomes of their programmes of study in the College. UOWCHK has complied with the requirements of the scheme and the related expenditure are disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning if the financial year	-	-
Income		
Subsidy received	577	-
	<u>577</u>	<u>-</u>
Expenditure		
Project expenditure	(135)	-
Balance at the end of the financial year	<u>442</u>	<u>-</u>

⑩ RGC FDS - Identity and Remembrance: Investigating the Poetry of Qing Adherents in Hong Kong During the Republican Period

The Faculty Development Scheme (FDS) was launched by the Research Grant Committee (RGC) to provide funding for research activities performed in the local self-financing degree sector. The College has received a 2-year research grant under FDS for a project, titled "Identity and Remembrance: Investigating the Poetry of Qing Adherents in Hong Kong During the Republican Period". UOWCHK has complied with the requirements of the scheme and the related expenditure are disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning if the financial year	-	-
Income		
Subsidy received	219	-
	<u>219</u>	<u>-</u>
Expenditure		
Project expenditure	-	-
Balance at the end of the financial year	<u>219</u>	<u>-</u>

22 Deferred government subvention (continued)

(k) RGC FDS - Solving the unsolvable: Effecting speedy, massive and quality translation of Hong Kong case law on a human-machine-interactive-translation platform

The Faculty Development Scheme (FDS) was launched by the Research Grant Committee (RGC) to provide funding for research activities performed in the local self-financing degree sector. The FDS aims to develop research capability of individual academics so that they can transfer their research experience and new knowledge into teaching and learning. The College has received a 2-year research grant under FDS for a project, titled "Solving the unsolvable: Effecting speedy, massive and quality translation of Hong Kong case law on a human-machine-interactive-translation platform". UOWCHK has complied with the requirements of the scheme and the related expenditure are disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning of the financial year	-	-
Income		
Subsidy received	749	-
	<u>749</u>	<u>-</u>
Expenditure		
Project expenditure	-	-
Balance at the end of the financial year	<u>749</u>	<u>-</u>

(l) Accreditation Grant for Self-financing Programme

Accreditation Grant Scheme for Self-financing Programmes covers the fees for accreditation exercises, including Initial Evaluation, Institutional Review, Learning Programme Accreditation and Learning Programme Re-accreditation. After successful accreditation by Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ), the College can apply for this Grant. UOWCHK has complied with the requirements of the scheme and the details of its income and expenditure are separately disclosed as follows:

	2020 HKD 000's	2019 HKD 000's
Balance at the beginning of the financial year	3,214	1,471
Income		
Subsidy received	3,768	3,177
	<u>6,982</u>	<u>4,648</u>
Expenditure		
Subsidy allocated	(2,313)	(1,434)
Balance at the end of the financial year	<u>4,669</u>	<u>3,214</u>

22 Deferred government subvention (continued)

(m) Non-means-tested Subsidy Scheme for Self-financing Undergraduate Studies in Hong Kong

The Government provides a non-means-tested annual subsidy for eligible students pursuing full-time locally accredited local and non-local self-financing undergraduate (including top-up degree) programmes in Hong Kong (save for those enrolled in places already supported under the Study Subsidy Scheme for Designated Professions/Sectors) offered by eligible institutions. Under this scheme, a non-means-tested annual subsidy will be provided to Hong Kong students who have attained (a) "3322" in the Hong Kong Diploma for Secondary Education Examination when they are enrolled in eligible self-financing first-year-first-degree programmes; or (b) sub-degree qualifications when they are enrolled in eligible self-financing top-up degree programmes. UOWCHK has complied with the requirements of the NMTSS and the details of the income and expenditure of NMTSS are separately disclosed as follows:

	2020	2019
	HKD 000's	HKD 000's
Balance at the beginning of the financial year	(3,693)	-
Income		
Subsidy received	3,725	
Returned from students	57	-
	89	-
Expenditure		
Subsidy to students	(4,730)	(3,693)
Balance at the end of the financial year	(4,641)	(3,693)

23 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

UOWCHK deposits its cash with a reputable financial institution which is one of Hong Kong's largest listed financial institutions in terms of market capitalisation.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2020	2019
	HKD 000's	HKD 000's
Education	18,072	8,218
Related parties	466	702
	<u>18,538</u>	<u>8,920</u>

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk is managed at group level subject to the Company's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

23 Financial risk management (continued)

(a) Credit risk (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis – non-derivative

	Within 1 year 2020 HKD 000's	1 to 5 years 2020 HKD 000's	Over 5 years 2020 HKD 000's	Total 2020 HKD 000's
Financial Assets				
Cash and cash equivalents	202,225	-	-	202,225
Trade and other receivables	19,364	-	-	19,364
Other financial assets	100,000	475,279	-	575,279
Total financial assets	321,589	475,279	-	796,868
Financial Liabilities				
Trade and other payables	(17,124)	-	-	(17,124)
Lease liabilities	(40,635)	(135,450)	-	(176,085)
Net exposure	263,830	339,829	-	603,659

23 Financial risk management (continued)

(b) Liquidity risk (continued)

	Within 1 year 2019	1 to 5 years 2019	Over 5 years 2019	Total 2019
Company	HKD 000's	HKD 000's	HKD 000's	HKD 000's
Financial Assets				
Cash and cash equivalents	289,051	-	-	289,051
Trade and other receivables	9,037	-	-	9,037
Other financial assets	-	961,478	-	961,478
	298,088	961,478	-	1,259,566
Financial Liabilities				
Trade and other payables	(26,758)	-	-	(26,758)
Lease liabilities	(34,886)	(116,659)	-	(151,545)
Net exposure	236,444	844,819	-	1,081,263

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on purchases that are denominated in currencies other than the functional currency. Whilst the volume of purchases denominated in foreign currencies is quite small, the primary currency in which these transactions are denominated in, is the Australian Dollar (AUD).

The Company, via CCCU Trust is exposed to currency risks on other financial assets held in managed funds, which are denominated in US dollars. The Trust does not currently use any hedging instruments when dealing with foreign currency. At the reporting date, the Trust had \$400,599,000 (2019: \$897,233,000) in managed funds denominated in US dollars.

A 5% change in USD:HKD exchange rate would result in a +/- HK\$20,030,000 (2018: HK\$44,862,000) change in the fair value of the managed funds, which would be recorded in the statement of profit or loss and other comprehensive income.

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At 31 December 2020, the Company had an exposure to AUD denominated trade and other payables of \$1,604,000 (2019: 4,581,000).

23 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

The Company's exposure to market interest rates relates primarily to the Company's cash and cash equivalents and other financial assets. The Company's trade receivables are non-interest bearing.

The Company does not currently use hedging instruments when dealing with interest rates.

The Company has introduced a treasury policy which encourages excess cash reserves to be placed in short term fixed interest term deposits. At the reporting date \$100,000,000 (2019: \$241,338,286) is in short term deposit with interest rate of 0.56% (2019: 2.10% - 2.30%).

At the reporting date, the only financial asset the Company has that it is exposed to Hong Kong variable interest rate risk is cash and cash equivalents. The value at the reporting date is \$201,931,918 (2019: \$46,558,483).

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At the reporting date, a reasonably possible change of 20 basis points in interest rates would have increased (decreased) profit by the amounts shown below, with all other variables held constant.

31 December 2020

	+20bps		-20bps	
	Profit	Equity	Profit	Equity
	HKD 000's	HKD 000's	HKD 000's	HKD 000's
Financial Assets				
Cash and cash equivalents – at bank	<u>404</u>	<u>404</u>	<u>(404)</u>	<u>(404)</u>
Total increase/(decrease)	<u>404</u>	<u>404</u>	<u>(404)</u>	<u>(404)</u>

31 December 2019

	+20bps		-20bps	
	Profit	Equity	Profit	Equity
	HKD 000's	HKD 000's	HKD 000's	HKD 000's
Financial Assets				
Cash and cash equivalents – at bank	<u>93</u>	<u>93</u>	<u>(93)</u>	<u>(93)</u>
Total increase/(decrease)	<u>93</u>	<u>93</u>	<u>(93)</u>	<u>(93)</u>

24 Related parties

(a) Members of the Board of Governors

The names of each person holding a position on the Board of Governors of UOWCHK during the financial year ended 31 December 2020 as disclosed in Note 19.

No Board of Governors member has entered into a contract with the Company since the end of the previous financial year and there are no contracts involving Board of Governors members' interests at year end.

(b) Non-member related parties

The classes of non-director related parties are:

- Controlling entity of the Company – UOWGE Ltd
- Entities owned by the controlling entity – UOWC Ltd
- Ultimate controlling entity of the Company – University of Wollongong
- Entity controlled by the Company – CCCU Trust

Transactions with the related entity

All transactions with non-member related parties are on normal terms and conditions

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

The Company, in accordance with the Trust Deed, is entitled to the distribution of interest income earned by the CCCU Trust. The Company can also, subject to approval from the trustee, seek distribution of funds for activities that relate to the transition from its reliance on services and facilities of City University of Hong Kong.

The Company engages its ultimate controlling entity to provide course materials and accreditation for courses developed by the entity.

The Company enters into transactions with other entities controlled by UOWGE Ltd, including UOWC Ltd.

UOWGE Ltd provides management and transitional services to UOWCHK. These services are passed through to the Company on commercial terms.

24 Related parties (continued)

(b) Transactions with related parties (continued)

Transactions

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are interest free and payable on demand.

The aggregate amounts included in the profit/loss for the financial period that resulted from transactions with non-director related parties are:

	2020 HKD 000's	2019 HKD 000's
Interest Income		
Entity controlled by the Company	1,163	1,534
Total Other Income	<u>1,163</u>	<u>1,534</u>
 Purchase of goods and services		
Department fees		
Ultimate controlling entity of the Company	2,764	3,296
 Management fees		
Controlling entity of the Company	7,566	10,359
 Reimbursable utilities and services		
Ultimate Controlling entity of the Company	1,206	97
Entities owned by the ultimate controlling entity	-	574
Controlling entity of the Company	2,307	86
 Facilities and service fees		
City University of Hong Kong	51,583	77,644
 Total expenditure	<u>65,426</u>	<u>92,056</u>

24 Related parties (continued)

(b) Transactions with related parties (continued)

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2020 HKD 000's	2019 HKD 000's
Current receivables (sales of goods and services)		
Entity controlled by the Company	177	360
Entities owned by the controlling entity	-	342
Ultimate controlling entity of the Company	288	-
Current payables		
Ultimate controlling entity of the Company	1,206	4,445
Entities owned by the controlling entity	-	202
Controlling entity of the Company	156	-
City University of Hong Kong	10,003	16,448

25 Subsequent events

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

26 Contingencies

There were no contingent assets or liabilities for the Company and the Company at 31 December 2020 (2019: nil).

End of audited financial statements

CCCU Trust

Financial statements for the
year ended
31 December 2020



INDEPENDENT AUDITOR'S REPORT

CCCU Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of CCCU Trust (the Trust), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Trust in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Trust's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Trustees of the Trust are

responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Certificate under the *Public Finance and Audit Act 1983*.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Trust carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Dominika Ryan
Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

Certificate under the Public Finance and Audit Act 1983

Pursuant to the requirements of the *Public Finance and Audit Act, 1983*, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of the CCCU Trust as at 31 December 2020 and financial performance for the period then ended.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act, 1983*, and the *Public Finance and Audit Regulation 2015*.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Vanessa Bourne

Dated this 25th day of March 2021.

Hong Kong

Start of audited financial statements
CCCU Trust
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue			
Interest Income	3	1,163	1,534
Realised (loss)/gain on Managed Funds	4	(8,350)	9,114
Unrealised gain on Managed Funds	4	18,361	48,881
		<u>11,174</u>	<u>59,529</u>
Expenditure			
Administration expenses	10	300	300
Bank charges		1	1
Audit fees	8	64	62
		<u></u>	<u></u>
Profit for the period		<u>10,809</u>	<u>59,166</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>10,809</u>	<u>59,166</u>
Attributable to:			
Beneficiaries of the CCCU Trust		<u>10,809</u>	<u>59,166</u>
Total comprehensive income for the period attributable to beneficiaries		<u>10,809</u>	<u>59,166</u>

The accompanying notes form part of these financial statements.

CCCU Trust
Statement of financial position
as at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	74,744	64,307
Receivables		-	360
Total current assets		<u>74,744</u>	<u>64,667</u>
Non-current assets			
Other financial assets	4	400,599	897,233
Total non-current assets		<u>400,599</u>	<u>897,233</u>
Total assets		<u><u>475,343</u></u>	<u><u>961,900</u></u>
LIABILITIES			
Current liabilities			
Payables		64	422
Total current liabilities		<u>64</u>	<u>422</u>
Total liabilities		<u><u>64</u></u>	<u><u>422</u></u>
Net assets		<u><u>475,279</u></u>	<u><u>961,478</u></u>
Equity			
Contributed funds and retained earnings		475,279	961,478
Total equity		<u><u>475,279</u></u>	<u><u>961,478</u></u>

The accompanying notes form part of these financial statements.

CCCU Trust
Statement of cash flows
for the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Cash flows from operating activities			
Cash payments to suppliers		<u>(363)</u>	<u>(359)</u>
Net cash from operating activities	7(b)	<u>(363)</u>	<u>(359)</u>
Cash flows from investing activities			
Interest received		1,523	1,494
Proceeds on redemption of Managed Funds		<u>506,645</u>	<u>-</u>
Net cash from investing activities		<u>508,168</u>	<u>1,494</u>
Cash flows from financing activities			
Distribution to UOW College Hong Kong		<u>(497,368)</u>	<u>(1,494)</u>
Net cash from financing activities		<u>(497,368)</u>	<u>(1,494)</u>
Net increase/(decrease) in cash and cash equivalents		10,437	(359)
Cash and cash equivalents at beginning of the period		<u>64,307</u>	<u>64,666</u>
Cash and cash equivalents at end of the period	7(a)	<u>74,744</u>	<u>64,307</u>

The accompanying notes form part of these financial statements.

CCCU Trust
Statement of changes in equity
for the year ended 31 December 2020

	Notes	Contributed funds HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2020		865,773	95,705	961,478
Profit for the period		-	10,809	10,809
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	10,809	10,809
Transactions with owners in their capacity as owners:				
Distributions paid	2,3,10	(495,845)	(1,163)	(497,008)
Distributions payable	10	-	-	-
At 31 December 2020		369,928	105,351	475,279

	Notes	Contributed funds HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2019		865,773	38,073	903,846
Profit for the period		-	59,166	59,166
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	59,166	59,166
Transactions with owners in their capacity as owners:				
Distributions paid	2,3,10	-	(1,174)	(1,174)
Distributions payable	10	-	(360)	(360)
At 31 December 2019		865,773	95,705	961,478

The accompanying notes form part of these financial statements.

1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements prepared for Australian reporting requirements, are general purpose financial statements which have been prepared in accordance with the requirements of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purposes of financial reporting the Trust is a not-for-profit entity.

The financial statements were authorised for issue on the 23th of March 2021.

(b) Statement of compliance

The financial statements are prepared on an accruals basis and are prepared on a historical cost basis.

The financial statements are presented in Hong Kong Dollars (HK\$) as it is the functional currency for the Trust and figures are rounded to the nearest thousand dollars (000's). The operations and financial transactions of the Trust occur solely within Hong Kong.

The preparation of the financial statements requires the trustee to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. The Trustees have assessed that there are no material accounting estimates.

1 Summary of significant accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(d) Receivables

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An impairment provision is recognised when there is objective evidence that the Trust will not be able to collect the receivable.

(e) Other financial assets

Other financial assets, comprising managed funds, are non-derivatives that are designated in this category. They are classified as non-current assets unless the Trust intends to dispose of the investment within 12 months of the reporting date.

(f) Classification of financial assets

On initial recognition, a financial asset is classified as measured at fair value. Subsequent to initial recognition a financial asset can be classified and measured as: amortised cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 Summary of significant accounting policies (continued)

(g) Payables

Payables, including accruals not yet billed, are recognised when the Trust becomes obliged to make future payments as a result of a claim or purchase of goods or services. They are carried at fair value which is usually the transaction cost. Due to their short term nature they are not discounted. The carrying amounts of trade and other accounts payable are considered to approximate their net fair values.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the future economic benefits will flow to the Trust and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

Interest Income

Interest income as it accrues using the effective interest method.

(i) Impairment of assets

The carrying amounts of the Trust's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

As at 31 December 2020 no assets have been assessed as being impaired (2019: nil).

(j) New Accounting Standards effective on or after 1 January 2021

It is unlikely that accounting standards effective on or after 1 January 2021 will have a material effect on the financial statements.

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Trust has decided against early adoption of these standards. The possible impact of these standards in the period of initial application is unlikely to result in a material adjustment.

2 Creation of CCCU Trust

On November 2014, City University of Hong Kong (CityU), Community College of City University Ltd (subsequently renamed UOW College Hong Kong Ltd (UOWCHK)), UOWD Ltd (UOWD) and the University of Wollongong (UOW) executed a Co-operation Deed, in relation to the change of stewardship of UOWCHK from CityU to UOWD. Pursuant to the Co-Operation Deed, CityU agreed to hold certain funds as trustee for UOWCHK in accordance with the terms of a Trust Deed (Trust Deed). This Trust Deed was executed on 1 July 2015.

2 Creation of CCCU Trust (continued)

Upon the execution of the Trust Deed, UOWCHK transferred to CityU to hold on trust, the amount of HK\$879,804,753. This has been recognised by the Trust as contributed funds in the statement of changes in equity in the previous financial period.

The Trust Deed contains certain conditions for the release of the trust funds to UOWCHK. These conditions relate to activities being undertaken to transition UOWCHK as an education institution independent from its reliance on services and facilities of CityU. The release of trust funds paid to UOWCHK is separately disclosed as a distribution in the statement of changes in equity.

The trust period ends and the balance of the trust funds will be paid to UOWCHK on the date which UOWCHK has vacated all spaces currently utilised by UOWCHK on CityU's Kowloon Tong campus.

The Trustee will use its reasonable endeavours to invest the Trust Funds in accordance with the investment instruction given from time to time from UOWCHK, in accordance with the Trust Deed and with the Trustee having absolute discretion for the approval of the investment instruction.

3 Interest income and distribution

The Trust recognises interest income in accordance with the accounting policy outlined in note 1(h).

The Trustee will pay all the interest received on such investments to UOWCHK, on an agreed quarterly basis, by the end of the quarter in which the interest has been received. The distribution of interest income paid to UOWCHK is separately disclosed as a distribution in the statement of changes in equity.

Refer to note 10.

4 Managed Funds

In late 2016, UOWCHK entered into an agreement for investment advisory services from Mercer Ltd. In late January 2017, the initial transfer of HK\$800,000,000 was transferred from bank term deposits to an investment in a range of US dollar denominated managed funds, on behalf of the Trust.

The revised investment mandate will firstly provide an exposure to movements in the US dollar and secondly result in more variable investment returns when compared to the returns from Hong Kong bank term deposits.

The Trust recognises managed fund distributions in accordance with the accounting policy outlined in note 1(h).

Unrealised gains on the fair value of the managed funds, including the conversion from US dollars to Hong Kong dollars, are recognised in the statement of profit or loss.

Valuation assumptions

The fair value of the managed funds are derived from the daily redemption values published by the investment manager, with no further adjustment or discounting.

5 Income tax

According to Hong Kong tax legislation, the trust is not subject to tax.

6 Cash and cash equivalents

	Notes	2020 HK\$'000	2019 HK\$'000
Cash in the bank		74,744	307
Cash held in short term deposits		-	64,000
		<u>74,744</u>	<u>64,307</u>

7 Statement of cash flow reconciliation

(a) Reconciliation to cash and cash equivalents at end of period

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank. Cash and cash equivalents as at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	6	<u>74,744</u>	<u>64,307</u>
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(b) Reconciliation of profit for the period to cash flows from operating activities

Profit for the period	10,809	59,166
Adjustments for:		
Interest income	(1,163)	(1,534)
Realised gain/(loss) on Managed Funds	8,350	(9,114)
Unrealised gain on Managed Funds	<u>(18,361)</u>	<u>(48,881)</u>
Operating result before change in assets and liabilities	(365)	(363)
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in receivables	360	(40)
(Decrease)/increase in payables	<u>(358)</u>	<u>44</u>
Net cash from operating activities	<u>(363)</u>	<u>(359)</u>

8 Auditors remuneration

	HK\$	HK\$
Auditors of the Trust		
<i>KPMG</i>		
Audit of the Hong Kong financial statements	63,830	61,600
<i>Audit Office of New South Wales (a)</i>		
Audit of the Australian financial statements	<u>64,585</u>	<u>64,585</u>
	<u>128,415</u>	<u>126,185</u>

- (a) The audit fee payable to the Audit Office of New South Wales has been paid on behalf of the Trust by UOWCHK.

9 Financial risk management objectives and policies

The Trust's principal financial instruments comprise of cash and cash equivalents, receivables, other financial assets and payables.

The Trust has exposure to the following risks from their use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate and foreign currency risk).

The Trust does not have any derivative instruments as at 31 December 2020 (2019: nil).

Risk exposures and responses

Credit risk

Credit risk arises from cash and cash equivalents. The Trust's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Trust's financial assets represents the maximum credit exposure. Exposure at balance date is addressed in each applicable note to the financial statements.

The Trust does not have significant exposure to any counter party. The Trust manages credit risk by maintaining short term deposits with an established financial institution, which is one of Hong Kong's largest in terms of market capitalisation.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

It is expected that the current financial assets and financial liabilities of the Trust will mature within the next 12 months.

Interest rate risk

The Trust's exposure to market interest rates relates primarily to the cash and cash equivalents held. The Trust's receivables are non-interest bearing. The amounts payable to UOWCHK are interest free and payable at the end of each financial quarter upon the receipt of any interest income from the funds invested.

The Trust does not use any hedging instruments when dealing with interest rates.

At the reporting date, the Trust does not hold any Hong Kong short term deposit (2019: HK\$64,000,000, with an interest rate of 2.70%).

Foreign exchange risk

The Trust is exposed to currency risks on other financial assets held in managed funds, which are denominated in US dollars. The Trust does not currently use any hedging instruments when managing foreign currency. At the reporting date, the Trust had HK\$400,599,000 (2019: HK\$897,233,000) in managed funds denominated in US dollars.

A 5% change in the USD:HKD exchange rate would result in a +/- HK\$20,030,000 (2019: HK\$44,862,000) change in the fair value of the managed funds, which would be recorded in the statement of profit or loss and other comprehensive income.

9 Financial risk management objectives and policies (continued)

Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements between those whose fair value is based on.

The only asset or liability of the Trust that is measured and recognised at fair value at year end are the Managed Funds classified as Non- Current – Other Financial Assets (refer note 4).

The funds have been measured under level 2 of the fair value hierarchy which includes quoted prices (in non-active markets or in active markets for similar assets or liabilities), observable inputs other than quoted prices and inputs that are not directly observable, but are corroborated by observable market data.

Reconciliation of Level 2 investments

	2020 HK\$'000	2019 HK\$'000
Opening balance at the beginning of the period	897,233	839,238
Redemption of Managed Funds	(506,645)	-
Realised (loss) / gains recognised in profit or loss	(8,350)	9,114
Unrealised gains recognised in profit or loss	18,361	48,881
	<u>400,599</u>	<u>897,233</u>

10 Related parties

(a) Trustee

The names of each person or entity holding the position of trustee of the Trust during the period ended 31 December 2020 is; City University of Hong Kong.

No remuneration was paid to the trustee by the Trust during the period.

The trustee is entitled to be reimbursed for any reasonable expenses incurred on behalf of the Trust, including any in-house costs and expenses of City University of Hong Kong. During the period, the trustee was reimbursed HK\$300,000 (2019: HK\$300,000) for administration expenses.

No trustee has entered into a contract with the Trust since the end of the previous financial period and there were no contracts involving trustees' interests at period end.

(b) Non-trustee related parties

The classes of non-trustee related parties are:

- Controlling entity of the Trust – UOW College Hong Kong Ltd
- Ultimate controlling entity of the Trust – University of Wollongong

10 Related parties (continued)

Transactions

All transactions with non-trustee related parties are on normal terms and conditions.

UOWCHK is entitled to claim from the Trust for the reimbursement of funds expended in accordance with the terms of the Trust Deed. During the period, UOWCHK was reimbursed for HK\$495,845,000 for claim entitlements (2019: nil).

UOWCHK is also entitled to the distribution of interest income earned and received from the Trust Funds. During the period, HK\$1,523,000 (2019: HK\$1,494,000) was distributed to UOWCHK in the form of interest distributions, of which HK\$360,000 had previously been recognised as payable (2019: HK\$320,000). At balance date, no accrual was made (2019: HK\$360,000) for interest income earned but not yet received from the Trust Funds.

The Trust did not enter into any transactions with other entities controlled by the University of Wollongong or other entities controlled by UOWD Ltd.

11 Commitments for expenditure

The Trust had no commitments as at 31 December 2020 (2019: nil).

12 Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

13 Contingent assets and liabilities

There were no contingent assets or liabilities at balance date (2019: nil).

End of audited financial statements

UOWM Sdn Bhd and its controlled entities

Registration No: 201801041617 (1303649-W)

Financial Statements

For the Year Ended 31 December 2020

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UOWM Sdn Bhd
For the Year Ended 31 December 2020

These financial statements are the consolidated financial statements of the consolidated entity consisting of UOWM Sdn Bhd and its controlled entities. The financial statements are presented in Malaysian Ringgit. These financial statements cover the year from 1 January 2020 to 31 December 2020. The comparatives cover the period from incorporation, on 14 November 2018, to 31 December 2019.

UOWM Sdn Bhd is a company limited by shares, incorporated in Malaysia. Its registered office and principal place of business is:

UOWM SDN BHD

Level 19-1, Menara Milenium Jalan Damanlela Pusat Bandar Damansara

50490 Kuala Lumpur W.P.

Malaysia

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on page 3 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 31 March 2021. The directors have the power to amend and reissue the financial statements.

**Directors' Report
For the Year Ended 31 December 2020**

The directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of UOWM Sdn Bhd and the entities it controlled at the end of, or during the year ended 31 December 2020.

General information**Directors**

The names of the directors of UOWM Sdn Bhd (hereafter referred to as the Company) in office at any time during, or since the end of, the year are:

Names	Position
Mr Noel Cornish AM	Independent Director
Mr Damien Israel	Director
Ms Marisa Mastroianni	Executive Director
Ms Ng Glok-hong	Executive Director
Prof. Alex Frino*	Director
Prof. Joe Chicharo*	Director

** appointed 1 May 2020*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activities of the Group during the course of the year covered by these financial statements, were the provision of education services which enable it to add value to the strategic goals and objectives of the University of Wollongong.

These primary activity areas include delivery of university pathway education (UOW Malaysia College) and the delivery of University College education in Malaysia (UOW Malaysia University College and UOW Malaysia Penang University College).

Review of operations

The consolidated loss after income tax of the Group, for the year amounted to RM 1,051,000 (2019: profit of RM 4,801,000).

The result for the year reflects lower educational fees from tertiary programmes conducted by the Company due to the Covid-19 pandemic which has severely impacted enrolment. As a response, we have implemented strict cost management control measures to mitigate the impact of lower revenue. Additional student enrolment intakes have also been launched in an effort to supplement the enrolment numbers from the main intakes.

The consolidated result for the period ended 31 December 2019 includes the result of the 3 UOWM KDU entities acquired from 3 September 2019 to 31 December 2019.

The loss after income tax of the Company for the year amounted to RM 30,000 (2019: RM 928,000).

Dividends

In respect of the year ended 31 December 2020, no dividends have been declared or paid (2019: nil).

State of affairs

Apart from the matters referred to above, there was no other significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2020.

Environmental regulation

The Group adheres to environmental regulation and standards at each of its operating locations. The Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely developments

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Company secretary

Zaid Ibrahim & Co has been the legal secretary for the entire year. Zaid Ibrahim & Co is the largest private law firm in Malaysia.

Meetings of Directors

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr Noel Cornish AM	5	5
Mr Damien Israel	5	5
Ms Marisa Mastroianni	5	5
Ms Ng Glok-hong	5	5
Prof. Alex Frino	3	1
Prof. Joe Chicharo	3	3

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officer

The Company under its global insurance arrangements has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company has offered its Directors and CEO, a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

Rounding off

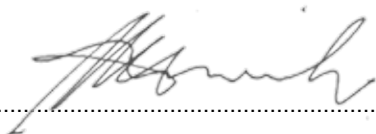
Amounts in the financial statements have been rounded off in accordance to the nearest thousand Ringgit Malaysia (RM), or in certain cases, the nearest RM.

Auditors

For Australian reporting compliance, the Auditors are The Audit Office of New South Wales.

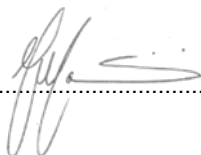
Signed in accordance with a resolution of the Board of Directors:

Director:



Mr N Cornish AM

Director:



Ms M Mastroianni

Dated 19 March 2021

Wollongong

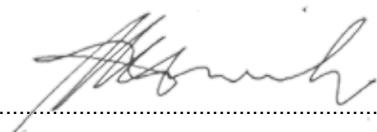
**Certificate under the Public Finance and Audit Act 1983
For the Year Ended 31 December 2020**

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOWM Sdn Bhd and its controlled entities as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

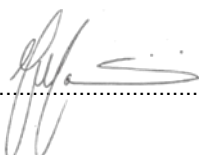
Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director:



Mr N Cornish AM

Director:



Ms M Mastroianni

Dated 19 March 2021

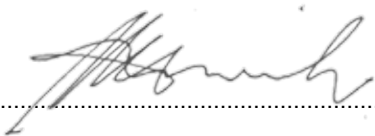
Wollongong

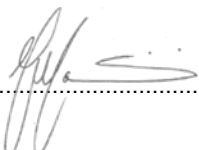
Directors' Declaration
For the Year Ended 31 December 2020

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The attached are general purpose financial statements and present a true and fair view of the financial position of the Company as at 31 December 2020 and of the performance for the financial year then ended;
- The Financial Statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*;
- The Financial Statements and notes have been prepared in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board;
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board;
- We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the directors:

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong



INDEPENDENT AUDITOR'S REPORT

UOWM Sdn Bhd

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOWM Sdn Bhd (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information of the Company and the consolidated entity. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company and the consolidated entity as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with International Financial Reporting Standards as disclosed in Note 1(b).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability of the Company and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company or the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D Ryan', in dark ink.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

Start of audited financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2020

	Note	Consolidated		Company	
		2020 RM000's	2019 RM000's	2020 RM000's	2019 RM000's
Revenue	2	78,607	31,670	-	-
Other income	2	7,219	372	-	-
Total revenue and other income		85,826	32,042	-	-
Employee related expenses		(40,935)	(15,222)	-	-
Depreciation expense	3	(13,884)	(2,923)	-	-
Other expenses		(27,231)	(14,399)	(30)	(928)
Finance costs		(1,582)	(572)	-	-
Profit / (loss) before income tax		2,194	(1,074)	(30)	(928)
Income tax (expense) / credit	4	(3,245)	5,875	-	-
Profit / (loss) after income tax		(1,051)	4,801	(30)	(928)
Other comprehensive income:					
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(1,051)	4,800	(30)	(928)
Profit / (loss) attributable to:					
Owners of UOWM Sdn Bhd		(810)	2,386	(30)	(928)
Non-controlling interests		(241)	2,415	-	-
		(1,051)	4,801	(30)	(928)
Total comprehensive income attributable to:					
Owners of UOWM Sdn Bhd		(810)	2,386	(30)	(928)
Non-controlling interest		(241)	2,415	-	-
		(1,051)	4,801	(30)	(928)

Statement of Financial Position
As At 31 December 2020

	Note	Consolidated		Company	
		2020	2019	2020	2019
		RM000's	RM000's	RM000's	RM000's
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	27,987	28,850	6,527	-
Other financial assets	7	321	314	-	-
Income tax recoverable		1,185	96	-	-
Trade and other receivables	6	5,878	5,174	-	-
TOTAL CURRENT ASSETS		35,371	34,434	6,527	-
NON-CURRENT ASSETS					
Investment in subsidiaries	24	-	-	38,500	38,500
Property, plant and equipment	8	20,801	23,376	-	-
Right of use assets	9	25,055	24,455	-	-
Intangible assets	10	25,940	29,537	-	-
Deferred tax assets	11	10,952	13,130	-	-
TOTAL NON-CURRENT ASSETS		82,748	90,498	38,500	38,500
TOTAL ASSETS		118,119	124,932	45,027	38,500
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	24,131	39,528	3,683	3,626
Provisions	13	1,586	1,150	-	-
Lease liabilities	9	3,106	3,197	-	-
Contract liabilities	14	4,193	4,759	-	-
TOTAL CURRENT LIABILITIES		33,016	48,634	3,683	3,626
NON-CURRENT LIABILITIES					
Deferred tax liabilities	15	3,798	3,750	-	-
Other financial liabilities	23(a)	6,902	6,902	6,902	6,902
Lease liabilities	9	24,333	27,582	-	-
TOTAL NON-CURRENT LIABILITIES		35,033	38,234	6,902	6,902
TOTAL LIABILITIES		68,049	86,868	10,585	10,528
NET ASSETS		50,070	38,064	34,442	27,972
EQUITY					
Issued capital	16	45,871	39,371	45,871	39,371
Reserves	17(a)	(10,471)	(10,471)	(10,471)	(10,471)
Retained earnings	17(b)	1,576	2,386	(958)	(928)
Non-controlling interest		13,094	6,778	-	-
TOTAL EQUITY		50,070	38,064	34,442	27,972

The accompanying notes form part of these financial statements

Statement of Cash Flows
For the Year Ended 31 December 2020

	Note	Consolidated		Company	
		2020	2019	2020	2019
		RM000's	RM000's	RM000's	RM000's
Cash flow from operating activities					
Receipts from customers		80,629	33,040	-	-
Payments to creditors and employees		(75,743)	(25,488)	(14)	(500)
Interest paid		(1,579)	(572)	-	-
Income taxes paid		(2,110)	549	-	-
Net cash flow generated from / (used in) operating activities	20(b)	1,197	7,529	(14)	(500)
Cash flow from investing activities					
Purchase of property, plant and equipment		(1,909)	(694)	-	-
Payment to acquire subsidiaries		-	(38,500)	-	(38,500)
Increase in other investments		(7)	-	-	-
Cash obtained on acquisition of subsidiaries		-	3,127	-	-
Government grants received		-	7,245	-	-
Interest received		292	93	-	-
Proceeds from disposal of property, plant and equipment		4	4	-	-
Net cash flows used in investing activities		(1,620)	(28,725)	-	(38,500)
Cash flow from financing activities					
Principal portion of lease payments		(3,103)	(1,020)	-	-
Loan from parent		41	42,878	41	39,000
Repayment of loan to parent		(3,878)	(39,371)	-	(39,371)
Proceeds from completion adjustment		-	8,188	-	-
Capital issued		6,500	39,371	6,500	39,371
Net cash flows (used in) / from financing activities		(440)	50,046	6,541	39,000
Net (decrease) / increase in cash and cash equivalents		(863)	28,850	6,527	-
Opening cash and cash equivalents		28,850	-	-	-
Cash and cash equivalents at 31 December		27,987	28,850	6,527	-

Statement of Changes in Equity
For the Year Ended 31 December 2020

Consolidated

2020	Issued Capital	Retained earnings	Transactions with NCI	Total: Owners of the Parent	Non- controlling interests	Total
	RM000's	RM000's	RM000's	RM000's	RM000's	RM000's
Opening balance	39,371	2,386	(10,471)	31,286	6,778	38,064
Issue of share capital	6,500	-	-	6,500	-	6,500
Finalisation of purchase price accounting (see note 23)	-	-	-	-	6,557	6,557
Loss for the year	-	(810)	-	(810)	(241)	(1,051)
Balance at 31 December	45,871	1,576	(10,471)	36,976	13,094	50,070

2019	Issued Capital	Retained earnings	Transactions with NCI	Total: Owners of the Parent	Non- controlling interests	Total
	RM000's	RM000's	RM000's	RM000's	RM000's	RM000's
Opening balance	-	-	-	-	-	-
Issue of share capital	39,371	-	-	39,371	-	39,371
Non-controlling interests on acquisition	-	-	-	-	4,363	4,363
Profit for the period	-	2,386	-	2,386	2,415	4,801
Transactions with NCI	-	-	(10,471)	(10,471)	-	(10,471)
Balance at 31 December	39,371	2,386	(10,471)	31,286	6,778	38,064

Company

2020	Issued Capital	Retained earnings	Other Reserves	Total: Owners of the Parent
	RM000's	RM000's	RM000's	RM000's
Opening balance	39,371	(928)	(10,471)	27,972
Issue of share capital	6,500	-	-	6,500
Loss for the year	-	(30)	-	(30)
Balance at 31 December	45,871	(958)	(10,471)	34,442

2019	Issued Capital	Retained earnings	Other Reserves	Total: Owners of the Parent
	RM000's	RM000's	RM000's	RM000's
Opening balance	-	-	-	-
Issue of share capital	39,371	-	-	39,371
Loss for the period	-	(928)	-	(928)
Transactions with NCI	-	-	(10,471)	(10,471)
Balance at 31 December	39,371	(928)	(10,471)	27,972

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

The financial report includes the consolidated financial statements and notes of UOWM Sdn Bhd and controlled entities (the Group) and the separate financial statements and notes of UOWM Sdn Bhd as an individual entity (Company). The financial report covers the period from 1 January 2020 to 31 December 2020 (financial year). The comparatives cover the period from the date of incorporation of the Company on 14 November 2018 to 31 December 2019.

1 Summary of Significant Accounting Policies**(a) Basis of preparation**

The financial statements are prepared for Australia and are general purpose financial statements that have been prepared on an accrual basis in accordance with the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purposes of financial reporting the Company is a for-profit entity.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Group's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The financial statements were authorised for issue in accordance with a resolution of the directors on 31 March 2021.

(b) Statement of compliance

The financial statements are prepared on the historical cost basis.

The financial statements are presented in Ringgit Malaysia (RM) which is the Group's functional currency, unless otherwise noted. All values are rounded to the nearest thousand dollars (RM000) unless otherwise noted.

The consolidated financial statements of the Group comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the note 1(q).

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. These accounting policies have been applied consistently to all periods in these consolidated financial statements, and have been applied consistently by the controlled entities, unless otherwise stated.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)**(c) Principles of consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by UOWM Sdn Bhd at the end of the reporting period. A controlled entity is any entity over which UOWM Sdn Bhd has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the period, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 24 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation.

Non-controlling interest not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of UOWM Sdn Bhd.

(d) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not re-measured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

1 Summary of Significant Accounting Policies (continued)**(f) Trade and other receivables**

Trade receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for credit losses. For loans repayable on demand, subsequent measurement is at face value.

Short term receivables and advances, with no stated interest rate are measured at the original invoice or contract amount, where the effect of discounting is immaterial.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for credit loss is recognised when there is objective evidence that the Group will not be able to collect the receivable or if the receivable is more than two years overdue.

(g) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(h) Other financial assets

(i) Other financial assets - current

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of plant and equipment less than RM 1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) Subsequent additional costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

(ii) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
Leasehold improvements	10, 20 or duration of lease
Plant and Equipment	10 to 33.3

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(j) Intangibles

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Goodwill on acquisitions of controlled entities is included in intangible assets.

Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units) to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Other intangible assets

Other intangible assets, including brand names, licences and student roster, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brand, is recognised in profit and loss as incurred.

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straightline method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Brands	7 years
- Licences	5 years
- Student Roster	1 – 3 years

(k) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue and other income

Revenue arises mainly from the delivery of higher education university pathway courses, delivery of vocational training and the delivery of university education in Malaysia.

To determine whether to recognise revenue, the Group follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

All revenue is earned and generated in Malaysia.

Tuition fees

Tuition fees, are course fees relating to the provision of the above mentioned educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Group to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Group expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial year. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer note 14.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of sales tax where applicable.

Further disclosure on revenue is provided in note 2.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(m) Revenue and other income (continued)

(i) Provision of tuition services

Student income is recognised over the period of the course or program once the student has accepted an offer and enrolled in the course or program. Fees for students who have enrolled and paid prior to year-end, for a course commencing in the following year, are recognised as income received in advance.

(ii) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(iii) Rental Income

Rental income is recognised on a straight line basis over the lease terms.

(n) Foreign currency

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Ringgit Malaysia (RM) which is the Group's functional and presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

(o) Income tax

Income tax arising on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(o) Income tax (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(p) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit ("CGU") at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the remaining assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

(q) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(r) New Accounting Standards issued but not yet effective

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The possible impact of these standards in the period of initial application is unlikely to result in a material adjustment.

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Group, as the Group is not in the business of issuing insurance contracts. Early adoption is permitted as the Group early adopted AASB 9, however no such early adoption has occurred.

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(t) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(u) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(u) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

Classifications are determined by both:

- the entities business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments that were previously classified as held-to-maturity under AASB 139.

Trade receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group reviews amounts that are past due and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

(u) Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

In applying this forward looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12 month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument

(iv) Financial liabilities

The financial liabilities of the Group comprise trade & other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and to settle the liabilities simultaneously.

Notes to the Financial Statements
For the Year Ended 31 December 2020

2 Revenue

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Sales revenue				
Rendering of services	78,607	31,670	-	-
	78,607	31,670	-	-
Other income	7,219	372	-	-
Total revenue and other income	85,826	32,042	-	-
Timing of revenue recognition				
Revenue recognized over time	76,171	28,299	-	-
Revenue recognized at a point in time	2,436	3,371	-	-
Total sales revenue	78,607	31,670	-	-
Revenue dissection by country				
Malaysia	78,607	31,670	-	-
	78,607	31,670	-	-

3 Expenses

		Consolidated		Company	
		2020	2019	2020	2019
		RM000's	RM000's	RM000's	RM000's
The result for the year includes the following items:	Note				
Depreciation					
- Property, plant and equipment	8	4,454	1,535	-	-
- Right of use assets	9	5,231	1,388	-	-
Total depreciation		9,685	2,923	-	-
Amortisation					
- Brand	10	917	-	-	-
- Licences	10	901	-	-	-
- Student Roster	10	2,381	-	-	-
Total amortisation	10	4,199	-	-	-
Total depreciation and amortisation		13,884	2,923	-	-
The result for the year includes the following specific expenses:					
- Goodwill impairment charge		-	1,081	-	-
- Net bad and doubtful debt expenses		626	27	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

4 Income tax expense / (credit)

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Malaysian income tax				
Current income tax	823	(740)	-	-
Under provision of prior year	197	-	-	-
	1,020	(740)	-	-
Deferred Tax				
- Origination and reversal of temporary differences	2,427	(2,467)	-	-
- (Under)/over recognition of deferred tax assets in prior year	(202)	(2,668)	-	-
Total recognised in income statement	2,225	(5,135)	-	-
Total tax expense / (credit)	3,245	(5,875)	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated profit for the year.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the period ended 31 December 2020 is as follows:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Profit / (Loss) before tax	2,194	(1,074)	(30)	(928)
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	527	(258)	(7)	(223)
Expenses not deductible for tax purposes	2,193	457	7	223
Income not subject to taxation	-	(6,210)	-	-
Deferred tax assets not recognised	506	-	-	-
Effect of income subject to real property tax deduction	-	2,431	-	-
Other	24	-	-	-
Deferred tax recognized on change in expected manner of asset recovery	-	373	-	-
Under / (Over) provision of deferred tax in prior year	(202)	(2,668)	-	-
Under provision of income tax in prior year	197	-	-	-
Total tax expense / (credit)	3,245	(5,875)	-	-

Deferred tax assets have not been recognized in respect of the following items:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Unused tax losses	7,611	6,611	-	928
Unabsorbed capital losses	3,140	-	-	-
Other deductible temporary differences	554	1,797	-	-
	11,305	8,408	-	928

Deferred tax assets have not been recognised in respect of the above items as it is not probable that the Group and Company will have sufficient future taxable profits available against which the deductible temporary differences can be utilised. The availability of unused tax losses for offsetting against future taxable profits of the Group or Company is subject to no substantial changes in shareholdings of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Notes to the Financial Statements
For the Year Ended 31 December 2020

5 Current assets - Cash and cash equivalents

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Cash at bank and on hand	27,987	28,850	6,527	-
Total Cash and cash equivalents	27,987	28,850	6,527	-

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Group's exposure to interest rate risk is disclosed in note 22.

6 Current assets- Trade and other receivables

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Current				
Net receivables from related parties	-	197	-	-
Students	2,009	1,112	-	-
Less: allowance for credit losses	(796)	(409)	-	-
Other receivables	330	543	-	-
Deposits and prepayments	4,335	3,731	-	-
Total current trade & other receivables	5,878	5,174	-	-

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms.

The ageing analysis of these impaired trade receivables is as follows:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
0 - 30 days	3	1	-	-
31 - 60 days	6	3	-	-
61 - 90 days	1	4	-	-
91+ days	786	401	-	-
Total current trade & other receivables	796	409	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

6 Current assets- Trade and other receivables (continued)

Allowance for credit loss

A credit loss of RM 626,000 (2019: RM 27,000) has been recognised by the Group and a credit loss of nil (2019: nil) has been recognised by the Company for the current period. These amounts have been included in the 'other expenses' line item on the statement of profit or loss and other comprehensive income. No individual amount within the credit loss allowance is material.

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Opening balance	409	-	-	-
Balance on acquisition of UOWM KDU entities	-	630	-	-
Credit losses for the period	626	(27)	-	-
Write-offs	(238)	(194)	-	-
Ending balance at 31 December	796	409	-	-

(b) Past due but not impaired

Receivables past due but not considered impaired are RM 1,213,000 (2019: RM 703,000) for the Group and nil (2019: nil) for the Company. Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within current trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

At 31 December, the ageing analysis of trade receivables is as follows:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
0 - 30 days	388	295	-	-
31 - 60 days	26	42	-	-
61 - 90 days	462	184	-	-
91+ days	337	182	-	-
Total current trade & other receivables	1,213	703	-	-

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

Notes to the Financial Statements
For the Year Ended 31 December 2020

7 Current assets - Other financial assets

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Other deposits	321	314	-	-
	321	314	-	-

Other Deposits

Included in other deposits with licensed banks are deposit pledged as security for bank guarantee facility granted by a licensed bank of RM 285,000 (2019: RM 278,000) and deposit maturing more than 90 days from reporting date of RM 36,000 (2019: RM 36,000). The said deposits are placed for a period of four months (2019: four months) and six months (2019: six months) respectively and earn interest of 1.60% to 1.85% (2019: 2.85%) per annum.

Impairment and risk exposure – Other Deposits

None of the other deposits are either past due or impaired.

All deposits are denominated in Ringgit Malaysia (RM). As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the assets will be held to maturity.

8 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

Consolidated 2020	Plant and Equipment RM000's	Leasehold Improvements RM000's	Capital work in progress RM000's	Total RM000's
Opening balance	17,886	-	5,490	23,376
Additions	1,887	21	-	1,908
Transfer from WIP	5,490	-	(5,490)	-
Disposals	(29)	-	-	(29)
Depreciation	(4,452)	(2)	-	(4,454)
Balance at 31 December 2020	20,782	19	-	20,801

At 31 December 2020				
Cost	81,663	4,847	-	86,510
Accumulated depreciation	(60,881)	(4,827)	-	(65,709)
Net book amount	20,782	19	-	20,801

Notes to the Financial Statements
For the Year Ended 31 December 2020

8 Non-current assets - Property, plant and equipment (continued)

Consolidated 2019	Plant and Equipment RM000's	Capital work in progress RM000's	Total RM000's
Acquisition of UOWM KDU entities	18,727	5,490	24,217
Additions	694	-	694
Depreciation charge	(1,535)	-	(1,535)
Balance at 31 December 2019	17,886	5,490	23,376
At 31 December 2019			
Cost	74,383	5,490	79,873
Accumulated depreciation	(56,497)	-	(56,497)
Net book amount	17,886	5,490	23,376

9 Leases**The Group as a lessee**

The Group has leases over a range of assets including buildings and office equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases***Buildings***

The Group leases buildings for their corporate offices and education institutions, the leases are up to 7 years.

The corporate office lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Office equipment

Leases for office equipment are generally considered to be for low value assets.

(a) Right of Use Assets

Consolidated 2020		Office equipment RM000's	Buildings RM000's	Total RM000's
	Note			
Opening balance		42	24,413	24,455
Additions		-	445	445
Finalisation of purchase price accounting	23(a)	-	5,596	5,596
Disposals		-	(570)	(570)
Depreciation charge		(12)	(5,219)	(5,231)
Balance at 31 December 2020		30	25,025	25,055

Notes to the Financial Statements
For the Year Ended 31 December 2020

9 Leases (continued)

Consolidated 2019	Office equipment	Buildings	Total
	RM000's	RM000's	RM000's
Acquisition of UOWM KDU entities	46	25,797	25,843
Depreciation charge	(4)	(1,384)	(1,388)
Balance at 31 December 2019	42	24,413	24,455

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

Consolidated	2020 RM 000's	2019 RM 000's
< 1 year	4,485	4,754
1 – 5 years	23,880	28,509
> 5 years	3,646	4,586
Total undiscounted lease liabilities	32,011	37,849

Lease liabilities included in the Statement of Financial Position

Current	3,106	3,197
Non-current	24,333	27,582
Total	27,439	30,779

Extension options

There are no enforceable extension options included in any leases.

Statement of Profit or Loss and other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Income from sub-leasing right-of-use assets	3,398	1,098	-	-
Interest expense on lease liabilities	(1,558)	(556)	-	-
Variable lease payments not included in the measurement of lease liabilities	(193)	(147)	-	-
Expense relating to short-term leases	(1,219)	(16)	-	-
Expense relating to leases of low value assets	(340)	(139)	-	-
Depreciation of right-of-use assets	(5,231)	(1,388)	-	-
	(8,541)	(2,246)	-	-

Statement of Cash Flows

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Total cash outflow for leases	6,449	1,576	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

9 Leases (continued)**(c) Leases as lessor**

The group leases out buildings for retail purposes on its campuses. The group has classified these leases as operating leases, because they do not transfer substantially all the risk and rewards incidental to ownership of the asset.

Rental income recognised by the Group during for the period ending 31 December 2020 was RM 3,398,000 (2019: RM 1,098,000)

The following table sets out the maturity analysis of the non-cancellable lease payments, showing the undiscounted lease payments to be received after the reporting date.

Consolidated	2020	2019
	RM 000's	RM 000's
< 1 year	-	338
1 – 5 years	-	252
> 5 years	-	-
Total	-	590

10 Non-current assets – Intangible assets

Consolidated		Brand	Licence	Student	Goodwill	Total
2020	Note	RM000's	RM000's	Roster	RM000's	RM000's
				RM000's		
Opening balance		-	-	-	29,537	29,537
Purchase price accounting adjustments	23(a)	3,382	4,129	5,357	(12,266)	(602)
Amortisation charge		(901)	(917)	(2,381)	-	(4,199)
Balance at 31 December 2020		2,481	3,212	2,976	17,271	25,940

At 31 December 2020

Cost	3,382	4,129	5,357	17,271	30,139
Accumulated depreciation	(901)	(917)	(2,381)	-	(4,199)
Net book amount	2,481	3,212	2,976	17,271	25,940

Consolidated		Brand	Licence	Student	Goodwill	Total
2019	Note	RM000's	RM000's	Roster	RM000's	RM000's
				RM000's		
Opening balance		-	-	-	-	-
Acquisition of UOWM KDU entities	23(a)	-	-	-	30,618	30,618
Impairment charge		-	-	-	(1,081)	(1,081)
Balance at 31 December 2020		-	-	-	29,537	29,537

At 31 December 2020

Cost	-	-	-	29,537	29,537
Accumulated depreciation	-	-	-	-	-
Net book amount	-	-	-	29,537	29,537

Notes to the Financial Statements
For the Year Ended 31 December 2020

10 Non-current assets – Intangible assets (continued)

Impairment

For the purpose of impairment testing, goodwill is allocated to cash-generating units which are based on the Group's operating divisions. The aggregate carrying amount of goodwill allocated to each CGU is:

	Consolidated		Company	
	2020 RM000's	2019 RM000's	2020 RM000's	2019 RM000's
UOW Malaysia KDU University College Sdn. Bhd.	9,023	6,615	-	-
UOW Malaysia KDU Penang University College Sdn. Bhd.	8,108	22,422	-	-
UOW Malaysia KDU College Sdn. Bhd.	140	500	-	-
Balance at 31 December	17,271	29,537	-	-

The allocation at 31 December 2019 was provisional contingent on finalisation of the purchase price accounting for the acquisition of the KDU entities. The purchase price accounting was finalised during 2020 (see note 23(a)) and the goodwill allocation has been adjusted accordingly.

The recoverable amount of each cash-generating unit above was determined based on a value-in-use calculation covering a detailed, board approved, 3 year forecast, followed by an extrapolation of expected cash flows for a further 2 years using a growth rate consistent with the forecast period. A terminal value growth rate of 2% was used. The present value of the expected pre-tax cash flows of each cash generating unit is determined by applying a suitable pre-tax discount rate reflecting current market assessment of the time value of money and risks specific to the cash generating unit. The pre-tax discount rates used vary based on the nature of the business. The pre-tax discount rates used are between 9.3% and 11.1%.

Management believes that any reasonable change in the key assumptions applied would not cause the carrying value of assets to exceed their recoverable amount and result in a material impairment based on current economic conditions and performance of the cash generating units.

11 Non-current Assets - Deferred Tax Assets

	Consolidated		Company	
	2020 RM000's	2019 RM000's	2020 RM000's	2019 RM000's
Opening balance	13,130	-	-	-
Recognised on acquisition	-	11,450	-	-
Recognised in income statement	(2,178)	1,680	-	-
	10,952	13,130	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	15,383	18,035	-	-
Deferred tax liabilities	(4,431)	(4,905)	-	-
	10,952	13,130	-	-

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11 Non-current Assets - Deferred Tax Assets (continued)**Consolidated**

2020	Opening Balance	Recognised in income statement	At 31 December 2020
	RM000's	RM000's	RM000's
Property, plant and equipment	(4,905)	473	(4,432)
Unused tax losses	4,311	-	4,311
Unabsorbed capital allowance	7,694	(73)	7,621
Right-of-use assets	1,514	213	1,727
Others	4,516	(2,791)	1,725
	13,130	(2,178)	10,952

Consolidated

2019	Opening Balance	Recognised on acquisition	Recognised in income statement	At 31 December 2019
	RM000's	RM000's	RM000's	RM000's
Property, plant and equipment	-	(2,129)	(2,776)	(4,905)
Unused tax losses	-	4,311	-	4,311
Unabsorbed capital allowance	-	6,141	1,553	7,694
Right-of-use assets	-	-	1,514	1,514
Others	-	3,127	1,389	4,516
	-	11,450	1,680	13,130

12 Current liabilities - Trade and other payables

	Note	Consolidated		Company	
		2020	2019	2020	2019
		RM000's	RM000's	RM000's	RM000's
Due to related parties	26(b)	3,711	5,588	3,665	-
Accruals and other payables		24,020	33,940	18	3,626
Total current trade & other payables		24,131	39,528	3,683	3,626

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 22.

Notes to the Financial Statements
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13 Current liabilities – Provisions

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Annual leave provision	1,586	1,150	-	-
Total current provisions	1,586	1,150	-	-

The current provision for the Group includes nil (2019: nil) annual leave entitlements accrued but not expected to be taken within 12 months.

14 Current liabilities - Contract liabilities

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Fees received in advance	4,193	4,759	-	-
Total contract liabilities	4,193	4,759	-	-

15 Non-current liabilities - Deferred Tax Liabilities

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Opening balance	3,750	-	-	-
Recognised on acquisition	-	7,206	-	-
Recognised in income statement	48	(3,456)	-	-
	3,798	3,750	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(393)	(226)	-	-
Deferred tax liabilities	4,191	3,976	-	-
	3,798	3,750	-	-

Consolidated

	Opening Balance	Recognised in income statement	At 31 December 2020
	RM000's	RM000's	RM000's
Property, plant and equipment	(35)	920	885
Deferred balancing charge	3,977	(671)	3,306
Fees in advance	(79)	2	(77)
Others	(113)	(203)	(316)
	3,750	48	3,798

Notes to the Financial Statements
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15 Non-current liabilities - Deferred Tax Liabilities (continued)**Consolidated**

	Opening Balance	Recognised on acquisition	Recognised in income statement	At 31 December 2019
	RM000's	RM000's	RM000's	RM000's
Property, plant and equipment	-	(46)	11	(35)
Deferred balancing charge	-	7,673	(3,696)	3,977
Fees in advance	-	(267)	188	(79)
Others	-	(154)	41	(113)
	-	7,206	(3,456)	3,750

16 Issued capital

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
At beginning of the period	39,371	-	39,371	-
Issuance of share capital	6,500	39,371	6,500	39,371
Balance at 31 December	45,871	39,371	45,871	39,371

Fully paid ordinary shares carry one vote per share and the right to dividends. The shares are held by UOWGE Ltd. There are no shares reserved for issue under option nor are any contracts issued for the sale of shares.

Capital management

When managing capital, the Board of Director's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to its shareholder. The Group currently manages issued capital of RM 45,871,000 (2019: RM 39,371,000).

Notes to the Financial Statements
For the Year Ended 31 December 2020

17 Reserves and retained earnings

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
(a) Reserves				
Transactions with NCI	10,471	10,471	10,471	10,471
Balance at 31 December	10,471	10,471	10,471	10,471
(b) Retained earnings				
Opening balance	2,386	-	(928)	-
(Loss) / Profit for the year attributable to owners of UOWM Sdn Bhd	(810)	2,386	(30)	(928)
Balance at 31 December	1,576	2,386	(958)	(928)

(a) Transactions with NCI

The Transactions with NCI balance results from transactions between the Group and non-controlling shareholders that did not result in a change in ownership.

18 Auditors remuneration

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Auditor of the Company				
The Audit Office of New South Wales - Audit of the Australian financial statements	56	75	13	13
Grant Thornton – Audit of the Malaysian financial statements	65	29	5	5
Total remuneration	121	104	18	18

19 Key management personnel disclosures**(a) Names of responsible persons and executive officers**

The following persons were directors of UOWM Sdn Bhd during the period ended 31 December 2020:

Mr Noel Cornish AM
Mr Damien Israel
Ms Marisa Mastroianni
Ms Ng Glok-hong
Prof. Alex Frino*
Prof. Joe Chicharo*

* appointed 1 May 2020

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the period ended 31 December 2020:

Name	Position
Ms Ng Glok-hong	CEO Asia

Notes to the Financial Statements
For the Year Ended 31 December 2020

19 Key management personnel disclosures (continued)**(a) Transactions with key management personnel**

(b) The aggregate compensation made to key management personnel of the Company is set out below:

	2020	2019
	RM	RM
Short-term employment benefits	582,043	-
Contribution to defined contribution plan	61,020	-
	643,063	-

(c) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Group or Company, including their personally related parties.

20 Statement of cash flow reconciliation**(a) Reconciliation to cash and cash equivalents at 31 December 2020**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated		Company	
		2020	2019	2020	2019
		RM000's	RM000's	RM000's	RM000's
As per the Statement of Financial Position					
Cash and Cash equivalents	5	27,987	28,850	6,527	-
		27,987	28,850	6,527	-
As per the Statement of Cash Flows		27,987	28,850	6,527	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

20 Statement of cash flow reconciliation (continued)**(b) Reconciliation of profit for the year to net cash flows from operating activities.**

		Consolidated		Company	
		2020	2019	2020	2019
	Note	RM000's	RM000's	RM000's	RM000's
(Loss) / Profit for the year after income tax		(1,051)	4,800	(30)	(928)
<i>Adjustments for:</i>					
Goodwill impairment expense		-	1,081	-	-
Depreciation and amortisation	4	13,884	2,923	-	-
Net loss / (gain) on disposal of non-current assets		25	(3)	-	-
Non-cash income tax expense		-	(549)	-	-
Non-cash finance costs		3	-	-	-
Interest income		(241)	(93)	-	-
Impairment of other assets		664	-	-	-
Termination of lease contract gain		10	-	-	-
Waiver of rental income		(112)	-	-	-
Unrealised foreign exchange (gain) / loss		(108)	371	-	371
Operating profit / (loss) before changes in assets and liabilities		13,074	8,530	(30)	(557)
(Increase) / decrease in trade and other receivables		(4,506)	4,446	-	-
Increase in other financial assets		-	(3)	-	-
Increase in deferred tax balances		-	(5,135)	-	-
(Increase) / decrease in current tax receivables		1,135	-	-	-
(Decrease) / Increase in trade and other payables		(8,248)	459	16	57
(Decrease) / Increase in provisions		308	-	-	-
Decrease in contract liabilities		(566)	(768)	-	-
Net cash from / (used in) operating activities		1,197	7,529	(14)	(500)

21 Capital and leasing commitments**(a) Capital expenditure commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Property, plant & equipment				
Payable:				
Within 1 year	-	291	-	-
Between 1 year and 5 years	-	-	-	-
More than 5 years	-	-	-	-
	-	291	-	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

22 Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets (current and non-current) and trade and other payables.

The Group has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

*Risk exposures and responses***(a) Credit risk**

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk relating arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables. The carrying amount of the Group's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Group trades with students and other educational organisations and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Education	2,009	1,111	-	-
Related parties	-	197	-	-
Other	-	-	-	-
	2,009	1,308	-	-

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Notes to the Financial Statements
For the Year Ended 31 December 2020

22 Financial risk management (continued)**(b) Liquidity risk (continued)**

The Group also manages liquidity risk by geographical region. A dissection of cash balances, including current other financial assets, by geographical region at 31 December is shown below:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Malaysia	27,987	28,850	6,527	-
	27,987	28,850	6,527	-

The following liquidity risk disclosures reflect all contractually fixed payments resulting from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the following table reflect a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis - Non-derivative

	Within 1 Year		Between 1 and 5 Years		Over 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM000s	RM000s	RM000s	RM000s	RM000s	RM000s	RM000s	RM000s
Consolidated								
Financial Assets								
Cash and cash equivalents	27,987	28,850	-	-	-	-	27,987	28,850
Trade and other receivables	1,543	1,246	-	-	-	-	1,543	1,246
Other financial assets – current	321	314	-	-	-	-	321	314
	29,851	30,410	-	-	-	-	29,851	30,410
Financial Liabilities								
Trade and other payables	24,131	39,528	-	-	-	-	24,131	39,528
Other financial liabilities	-	-	8,774	8,551	-	-	8,774	8,551
Lease liabilities	4,485	4,754	23,880	28,509	3,646	4,586	32,011	37,849
	28,616	44,282	32,654	37,060	3,646	4,586	64,916	85,928
Net Exposure	1,235	(13,874)	(32,654)	(37,060)	(3,646)	(4,586)	(35,065)	(55,518)
Company								
Financial Assets								
Cash and cash equivalents	6,527	-	-	-	-	-	6,527	-
	6,527	-	-	-	-	-	6,527	-
Financial Liabilities								
Trade and other payables	3,683	3,626	-	-	-	-	3,683	3,626
Other financial liabilities	-	-	8,774	8,551	-	-	8,774	8,551
	3,683	3,626	8,774	8,551	-	-	12,460	12,177
Net Exposure	2,844	(3,626)	(8,774)	(8,551)	-	-	(5,933)	(12,177)

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

Notes to the Financial Statements
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22 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Group's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i. Foreign exchange risk

The Group is exposed to currency risks on sales and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. The functional currencies of Group entities are the Malaysian Ringgit (RM). Whilst the volume of sales and purchases denominated in foreign currencies other than the respective functional currencies is not significant, the main foreign currency in which these other transactions primarily are denominated in, is the Great Britain Pound.

The Group does not currently use any hedging instruments when dealing with foreign currency.

In respect of financial assets and financial liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange rate risk.

	Consolidated	
	2020	2019
	RM000's	RM000's
Consolidated		
Profit / (loss) before tax (decrease)/increase		
GBP/RM – strengthened 6% (2019: 6%)	(57)	(23)
GBP/RM – weakened 2% (2019: 2%)	18	8
AUD/RM – strengthened 2% (2019: 2%)	(1)	(74)
AUD/RM – weakened 2% (2019: 2%)	1	74

ii. Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents and other financial assets. The Group's trade and related party receivables and payables are non-interest bearing.

The Group does not currently use any hedging instruments when dealing with interest rates.

The Group operates a treasury policy which directs excess cash reserves be placed in short term fixed interest rate term deposits. At the reporting date, the Group had RM 36,000 (2019: RM 36,000) and the Company had nil (2019: nil) in Malaysian short term deposits with interest rates of 1.6% to 1.85% (2019: 2.85%) for the Group.

At the reporting date, the only financial asset the Group had that is exposed to Malaysian variable interest rate risk is cash and cash equivalents. The value at the reporting date for the Group is RM 12,101,000 (2019: RM 27,761,343).

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

	Consolidated				Company			
	Profit		Equity		Profit		Equity	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM000s	RM000s	RM000s	RM000s	RM000s	RM000s	RM000s	RM000s
Increase of 25bps	30	52	30	52	-	-	-	-
Decrease of 25bps	(30)	(52)	(30)	(52)	-	-	-	-

Notes to the Financial Statements
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23 Business combinations**(a) Summary of acquisition of UOWM KDU entities**

On 3 September 2019, the Group obtained control of:

- KDU University College (PG) Sdn. Bhd. (subsequently renamed UOW Malaysia KDU Penang University College Sdn Bhd.) by acquiring 65% of the voting shares;
- KDU University College Sdn. Bhd.(subsequently renamed UOW Malaysia KDU University College Sdn. Bhd.) by acquiring 65% of the voting shares; and
- KDU College (PJ) Sdn. Bhd. (subsequently renamed UOW Malaysia KDU College Sdn. Bhd.) by acquiring 70% of the voting shares.

The acquisition was made to extend the global presence of UOW in alignment with the UOW Global Strategy.

The Group has options to acquire 5% of the voting shares in UOW Malaysia KDU Penang University College Sdn Bhd. and 5% of the voting shares in UOW Malaysia KDU University College Sdn Bhd. in 3 years. The fair value of these forwards has been included on the balance sheet as other financial liabilities and in the other equity reserves as a transaction with NCI that does not change the percentage ownership. Any subsequent changes in fair value of the forwards have been recognised in profit and loss. Management have determined that the fair value of the forwards has not materially changed at 31 December 2020 and the other financial liability remains valued a RM 6,902,000 (2019: RM 6,902,000).

The Group has call options to acquire the remaining 30% voting shares in both UOW Malaysia KDU Penang University College Sdn Bhd. and UOW Malaysia KDU University College Sdn Bhd. As at 31 December 2020 management estimates that the fair value of these options is insignificant.

As of 31 December 2019 the purchase price accounting was provisional. During 2020, the Group finalised the fair values of the assets and liabilities acquired. The adjustments made in finalising fair values primarily relate to the recognition of intangible assets separately from goodwill and an adjustment to the fair value of the Right of Use Assets. As of 31 December 2020 the purchase price accounting is final.

Purchase consideration

	Consolidated 2020 RM000's	Consolidated 2019 RM000's
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	-	38,500
Less: Cash Balance acquired	-	(3,127)
Outflow of cash	-	35,373

The assets and liabilities arising from the acquisition are as follows:

	Provisional 2019 RM000's	Adjustments 2020 RM000's	Final 2020 RM000's
Cash & cash equivalents	3,127	-	3,127
Trade and other receivables	18,360	-	18,360
Deferred Tax Assets	11,451	-	11,451
Property, Plant and equipment	24,217	-	24,217
Right of Use Assets	25,843	5,956	31,799
Licence	-	3,382	3,382
Brand	-	4,129	4,129
Student Roster	-	5,357	5,357
Trade and other Payables	(25,390)	-	(25,390)
Lease Liabilities	(31,800)	-	(31,800)
Other liabilities	(6,358)	-	(6,358)
Deferred tax liabilities	(7,206)	-	(7,206)
Non-controlling interest	(4,362)	(6,558)	(10,919)
Net identifiable assets acquired on acquisition	<u>7,882</u>	<u>12,266</u>	<u>20,148</u>
Goodwill arising on acquisition	30,618	(12,266)	18,532

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24 Controlled entities

		Company 2020 RM000's	Company 2019 RM000's
Investments in subsidiaries, at cost		38,500	38,500
		38,500	38,500
	Country of incorporation	Percentage owned % 2020	Percentage owned % 2019
Controlled entities:			
UOW Malaysia KDU University College Sdn. Bhd.	Malaysia	65	65
UOW Malaysia KDU College Sdn. Bhd.	Malaysia	70	70
UOW Malaysia KDU Penang University College Sdn. Bhd.	Malaysia	65	65

Refer to note 23 for details of the acquisition of the UOW Malaysia KDU entities.

25 Subsidiaries with Material Non-Controlling Interests

Subsidiaries that have non-controlling interests that are material to the reporting entity are listed below:

Name of entity	Principal place of business	Ownership interest/voting rights held by non-controlling interests		Profit or (loss) allocated to non- controlling interest		Accumulated non- controlling interest	
		2020	2019	2020	2019	2020	2019
		%	%	RM000's	RM000's	RM000's	RM000's
UOW Malaysia KDU University College Sdn Bhd	Malaysia	35	35	784	708	11,087	5,761
UOW Malaysia KDU Penang University College Sdn Bhd	Malaysia	35	35	(327)	1,895	3,198	1,668
UOW Malaysia KDU College Sdn Bhd	Malaysia	30	30	(698)	(188)	(1,191)	(651)

Summarised financial information (before inter-company eliminations) for subsidiaries that have non-controlling interests that are material are disclosed below:

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25 Subsidiaries with Material Non-Controlling Interests (continued)

2020	UOW Malaysia KDU University College Sdn Bhd		UOW Malaysia KDU Penang University College Sdn Bhd		UOW Malaysia KDU College Sdn Bhd	
	2020 RM000's	2019 RM000's	2020 RM000's	2019 RM000's	2020 RM000's	2019 RM000's
Current Assets	20,417	14,898	9,373	17,984	2,350	1,860
Non-Current Assets	54,019	53,034	10,643	7,436	814	492
Total Assets	74,436	67,932	20,016	25,420	3,164	2,352
Current Liabilities	18,476	24,313	7,017	16,482	7,137	4,523
Non-Current Liabilities	24,285	27,160	3,846	4,173	-	-
Total Liabilities	42,761	51,473	10,863	20,655	7,137	4,523
Equity attributable to owners of the Parent	20,588	10,698	5,955	3,097	(2,781)	(1,520)
Non-controlling interest	11,087	5,761	3,198	1,668	(1,191)	(651)
Revenue and other income	53,569	18,276	27,869	11,629	4,518	2,137
Profit / (loss) attributable to owners of the Parent	1,456	1,314	(607)	3,520	(1,630)	(439)
Profit / (loss) attributable to non-controlling interest	784	708	(327)	1,895	(698)	(188)
Total profit	2,240	2,022	(934)	5,415	(2,328)	(627)
Net cash from operating activities	12,523	3,047	(8,535)	4,587	(2,777)	910
Net cash (used in) / from investing activities	(945)	(385)	(531)	7,087	(144)	(55)
Net cash (used in) / from financing activities	(9,493)	7,444	(392)	3,088	2,904	-
Net cash inflow	2,085	10,106	(9,458)	14,762	(17)	855

26 Related parties**(a) Transactions with key management personnel**

The names of each person holding the position of director of the Company during the financial year are Mr Noel Cornish AM, Mr Damien Israel, Ms Marisa Mastroianni, Ms Ng Glok-hong, Prof. Alex Frino and Prof. Joe Chicharo.

Details of key management personnel compensation are set out in note 19 to the financial statements.

Apart from the details disclosed in note 19, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties*Parent entity and ultimate parent company*

The parent entity of the Group is UOWGE Ltd and the ultimate controlling entity of the Group is the University of Wollongong.

Controlled entities

UOW Malaysia KDU University College Sdn. Bhd.

UOW Malaysia KDU College Sdn. Bhd

UOW Malaysia KDU Penang University College Sdn. Bhd.

Notes to the Financial Statements
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26 Related parties (continued)**(b) Transactions with related parties (continued)***Transactions with the parent entity*

The Parent entity charges a corporate charge for management and administrative services provided to controlled entities.

The Parent charges interest to controlled entities for loans provided and pays interest to controlled entities that have provided loans to the company.

The Group enters into transactions with other entities controlled by the University of Wollongong.

Transactions

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are interest free and payable on demand.

Transactions with related parties

The aggregate amounts included in the profit before income tax expense that resulted from transactions with non-director related parties are:

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Management fees charged by controlling entity	4,387	1,514	-	-
Interest expense charged by controlling entity	23	16	-	-
Employee expenses charged by an entity controlled by the controlling entity	-	180	-	-
	4,410	1,710	-	-

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Receivables				
Controlling entity	-	71	-	-
Ultimate controlling entity	-	71	-	-
Entity controlled by the controlling entity	-	55	-	-
	-	197	-	-
Payables				
Controlling entity	3,711	5,408	3,665	-
Entity controlled by the controlling entity	-	180	-	-
	3,711	5,588	3,665	-

Notes to the Financial Statements
For the Year Ended 31 December 2020

27 Financing arrangements

The Group has access to the following lines of credit with the Hong Leong Bank and May Bank as at 31 December

	Consolidated		Company	
	2020	2019	2020	2019
	RM000's	RM000's	RM000's	RM000's
Available at balance sheet date				
Bank overdraft	7,500	8,000	-	-
Bank guarantee	7,000	7,000	-	-
Credit card facility	150	65	-	-
	14,650	15,065	-	-
Used at balance sheet date				
Bank overdraft	-	-	-	-
Bank guarantee	514	2,514	-	-
Credit card facility	8	7	-	-
	522	2,521	-	-
Unused at balance sheet date				
Bank overdraft	7,500	8,000	-	-
Bank guarantee	6,486	4,486	-	-
Credit card facility	142	58	-	-
	14,128	12,544	-	-

28 Subsequent events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect operations of the Group, the results of those operations or the state of affairs of the Group, in future financial years.

29 Contingencies

There were no contingent assets or liabilities for the Group and the Company at 31 December 2020 (2019: nil).

End of audited financial statements

UOW Malaysia KDU University College Sdn. Bhd.

Registration No: 198101010870 (76997-T)

Financial Statements

For the Year Ended 31 December 2020

UOW Malaysia KDU University College Sdn. Bhd.

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For the Year Ended 31 December 2020

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Directors' Report

The directors of UOW Malaysia KDU University College Sdn. Bhd. (the "Company") have the pleasure of presenting their report together with the audited financial statements of the Company for the year ended 31 December 2020.

General information

Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows.

Names

Datin Teh Geok Lian
Chew Sun Teong
Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activity of the Company is to provide educational services.

Review of operations

The profit for the year to 31 December 2020 was RM 5,695,000 (31 December 2019: RM 42,169,000).

The result for the year reflects lower educational fees from tertiary programmes conducted by the Company due to the Covid-19 pandemic which has severely impacted enrolment. As a response, we have implemented strict cost management control measures to mitigate the impact of lower revenue. Additional student enrolment intakes have also been launched in an effort to supplement the enrolment numbers from the main intakes. The result in the previous financial year includes a one-off gain on disposal of properties of RM 38,409,000.

Dividends

No dividend for the year ended 31 December 2020 has been declared or paid.

In respect of the year ended 31 December 2019 a dividend of RM 23,460,000 was declared and paid on 22 August 2019.

Issue of shares

During the financial year, the Company increased its issued and paid-up share capital from RM 16,059,000 to RM 20,059,000 pursuant to the issuance of bonus shares of 4,000,000 of RM1 each to shareholders in proportion to their shareholding, of which 2,600,000 and 1,400,000 shares were issued to the controlling entity, UOWM Sdn. Bhd. and the minority shareholder, Paramount Corporation Berhad respectively.

State of affairs

There were no other significant changes in the state of affairs of the Company that occurred during the year ended 31 December 2020.

Environmental regulation

The Company adheres to environmental regulation and standards at each of its operating locations. The Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Events subsequent to reporting date

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Company secretary

HMC Corporate Services Sdn. Bhd. has been the legal secretary for the entire year. HMC specializes in company secretarial solutions.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the year are:

	Directors' Meetings	
	Number eligible to attend	Number attended
Datin Teh Geok Lian	6	6
Chew Sun Teong	6	6
Noel Harold Cornish AM	6	6
Marisa Mastroianni	6	6
Ng Glok Hong	6	6

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officer

The Company under its global insurance arrangements has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company has offered its Directors and CEO, a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

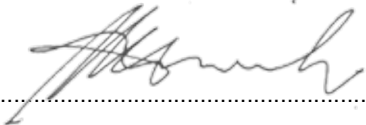
Rounding off

Amounts in the financial statements have been rounded off to the nearest thousand Ringgit Malaysia (RM), or in certain cases, the nearest RM.

Auditors

For Australian reporting compliance, the Auditors are The Audit Office of New South Wales.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Mr N Cornish AM

Director: 

Ms M Mastroianni

Dated 19 March 2021

Wollongong

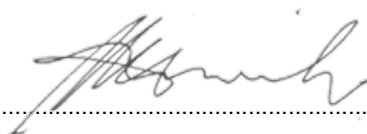
UOW Malaysia KDU University College Sdn. Bhd.

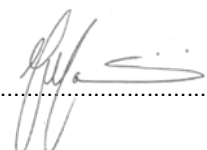
**Certificate under the Public Finance and Audit Act 1983
For the Year Ended 31 December 2020**

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU University College Sdn. Bhd. as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong

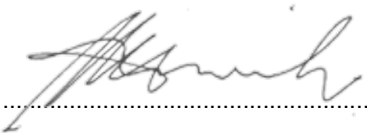
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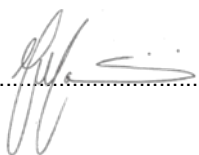
**Directors' Declaration
For the Year Ended 31 December 2020**

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU University College Sdn. Bhd. as at the 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong



INDEPENDENT AUDITOR'S REPORT

UOW Malaysia KDU University College Sdn. Bhd.

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW Malaysia KDU University College Sdn. Bhd. (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D Ryan', in a light grey color.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

Start of audited financial statements
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

		2020 RM 000's	2019 RM 000's
Revenue	2	48,810	50,484
Other income	2	4,716	45,289
Total revenue and other income		53,526	95,773
Employee related expenses		(22,215)	(25,052)
Depreciation expense	3	(7,375)	(5,432)
Administration and site expenses		(2,848)	(4,076)
Marketing expenses		(2,529)	(6,009)
Other expenses		(9,114)	(11,775)
Finance costs		(1,546)	(4,562)
Profit before income tax		7,899	38,867
Income tax (expense) / credit	4	(2,204)	3,302
Profit after income tax		5,695	42,169
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		5,695	42,169

Statement of Financial Position
As At 31 December 2020

	Note	2020 RM 000's	2019 RM 000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	13,441	11,356
Trade and other receivables	6	6,639	3,215
Current tax receivable		16	13
Other financial assets	7	321	314
TOTAL CURRENT ASSETS		20,417	14,898
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,581	16,331
Right-of-use asset	9	19,965	23,573
Deferred tax assets	10	10,952	13,130
TOTAL NON-CURRENT ASSETS		44,498	53,034
TOTAL ASSETS		64,915	67,932
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	11,350	17,178
Provisions	12	884	618
Lease liability	9	2,875	2,720
Contract liability	13	3,367	3,797
TOTAL CURRENT LIABILITIES		18,476	24,313
NON-CURRENT LIABILITY			
Lease liability	9	24,285	27,160
TOTAL NON-CURRENT LIABILITY		24,285	27,160
TOTAL LIABILITIES		42,761	51,473
NET ASSETS		22,154	16,459
EQUITY			
Issued capital	15	20,059	16,059
Equity contribution from minority shareholder	16	1,684	5,684
Retained earnings / (accumulated losses)	17	411	(5,284)
TOTAL EQUITY		22,154	16,459

Statement of Cash Flows
For the Year Ended 31 December 2020

	2020 RM 000's	2019 RM 000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers (inclusive of tax)	49,792	57,603
Payments to suppliers and employees (inclusive of tax)	(36,071)	(58,191)
Government grant	377	-
Income taxes paid	(29)	(25)
Interest paid	(1,546)	(3,027)
Net cash flows from / (used in) operating activities	12,523	(3,640)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,046)	(919)
Interest received	107	106
Increase in other investments	(7)	(9)
Proceeds from disposal of assets held for sale	-	250,000
Proceeds from disposal of non-current assets	1	3
Net cash flows (used in) / from investing activities	(945)	249,181
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in placements in banks restricted for use	-	2,800
Proceeds from completion adjustment	-	4,955
(Repayment to) / loan from related party	(3,363)	3,363
Loan to related party	(3,419)	-
Dividend paid	-	(23,460)
Principal portion of lease payments	(2,711)	(1,415)
Redemption of Islamic Medium Term Notes ("iMTN")	-	(100,890)
Redemption of Non-cumulative Redeemable Convertible Preference Shares ("NCRCPs")	-	(126,000)
Net cash flows used in investing activities	(9,493)	(240,647)
Net increase in cash and cash equivalents	2,085	4,894
Cash and cash equivalents at beginning of the year	11,356	6,462
Cash and cash equivalents at end of the year	13,441	11,356

Statement of Changes in Equity
For the Year Ended 31 December 2020

2020

	Issued capital RM 000's	Equity contribution from minority shareholder RM 000's	(Accumulated losses) / retained earnings RM 000's	Total RM 000's
Balance at 1 January 2020	16,059	5,684	(5,284)	16,459
Profit for the year	-	-	5,695	5,695
Transaction with owner				
Bonus issue of shares (note 15 and note 16)	4,000	(4,000)	-	-
Balance at 31 December 2020	20,059	1,684	411	22,154

2019

	Issued capital RM 000's	NCRCPs RM 000's	Equity contribution from parent/ minority shareholder RM 000's	Accumulated losses RM 000's	Total RM 000's
Balance at 1 January 2019	16,059	126,000	729	(23,993)	118,795
Profit for the year	-	-	-	42,169	42,169
Transactions with owner					
Completion adjustment (note 16)	-	-	4,955	-	4,955
Redemption of NCRCPs	-	(126,000)	-	-	(126,000)
Dividend paid	-	-	-	(23,460)	(23,460)
Balance at 31 December 2019	16,059	-	5,684	(5,284)	16,459

UOW Malaysia KDU University College Sdn. Bhd.

Notes to the Financial Statements For the Year Ended 31 December 2020

The financial report covers UOW Malaysia KDU University College Sdn. Bhd. as an individual entity. UOW Malaysia KDU University College Sdn. Bhd. is a for-profit private liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at Jalan Kontraktor U1/14, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The functional and presentation currency of UOW Malaysia KDU University College Sdn. Bhd. is Ringgit Malaysia.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purpose of financial reporting the Company is a for-profit entity.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Company's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 19 March 2021.

(b) Statement of compliance

The financial statements are presented in Ringgit Malaysia which is the Company's functional currency and figures are rounded to the nearest thousand Ringgits (RM '000), or in certain cases the nearest Ringgit. The financial statements are prepared on a historical cost basis.

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described note 1(n).

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1 Summary of Significant Accounting Policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(d) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Other financial assets

(i) Other financial assets - current

Other financial assets - current, comprises of term deposits which are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These investments are measured at fair value with any gain or loss taken through the statement of profit or loss.

1 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than RM 1,000 are expensed in the year of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

a. Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

b. Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

c. Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
• Leasehold improvements	20 or duration of lease
• Plant and Equipment	10 to 33.33
• Computer Equipment	33.33

d. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(g) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

1 Summary of Significant Accounting Policies (continued)

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

To determine whether to recognise revenue, the Company follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

(i) Tuition fees

Tuition fees, are course fees relating to the provision of educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial period. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer note 13.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Company also generates revenue from the conduct of other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial period. These other fees, earned during the current year are disclosed in note 2.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

1 Summary of Significant Accounting Policies (continued)

(i) Revenue and other income (continued)

(i) Tuition fees (continued)

All revenue is stated net of the amount of value added tax.

Further disclosure on revenue is provided in note 2.

(ii) Rental income

Rental income is recognised on a straight line basis over the term of the lease.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

(iv) Government grants

Government grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless conditions for receiving the grant are met after the related expenses have been recognised. In this case the grant is recognised when it becomes receivable.

(v) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(j) Sales Tax

Revenue, expenses and assets are recognised net of the amount of Sales Tax except where the amount of Sales Tax incurred is not recoverable from the taxation authority. In these circumstances the Sales Tax is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of Sales Tax included. The net amount of Sales Tax recoverable from, or payable to, the tax authority is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The Sales Tax component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority is classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of Sales Tax recoverable from, or payable to, the tax authority.

(k) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(l) Income tax

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

1 Summary of Significant Accounting Policies (continued)

(l) Income tax (continued)

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(m) Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses are recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit").

(n) Critical accounting estimates

The directors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

1 Summary of Significant Accounting Policies (continued)

(n) Critical accounting estimates (continued)

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(o) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Company has decided against early adoption of these standards.

The impact of the standards most relevant to the Company are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(p) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

(q) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(r) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1 Summary of Significant Accounting Policies (continued)

(r) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(ii) Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

Trade receivables and contract assets impairment

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past and writes off fully any amounts that management believes are unlikely to be recovered.

1 Summary of Significant Accounting Policies (continued)

(r) Financial instruments (continued)

(iii) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(iv) Financial liabilities

The financial liabilities of the Company comprise of trade and other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

1 Summary of Significant Accounting Policies (continued)

(s) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and if that person:
 - a. has control or joint control of the Company;
 - b. has significant influences over the Company; or
 - c. is a member of the key management personnel of the Company or of a parent of the Company.

- (b) The party is an entity and if any of the following conditions apply:
 - a. the entity and the Company are members of the same group;
 - b. one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - c. the entity and the Company are joint ventures of the same party;
 - d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - e. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - f. the entity is controlled or jointly controlled by a person identified in (a);
 - g. a person identified in (a) (i) has a significant influence over the entity or (ii) is a member of the key management personnel of the entity (or of the parent of the entity);
 - h. the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company;
 - i. Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

UOW Malaysia KDU University College Sdn. Bhd.
Notes to the Financial Statements
For the Period Ended 31 December 2020

2 Revenue and other income

	2020 RM 000's	2019 RM 000's
Sales revenue		
- Tuition fees	48,810	50,484
Other income		
- Rental revenue	2,667	2,606
- Interest income	107	106
- Other income	1,565	4,168
- Government grant	377	-
- Gain on disposal of properties	-	38,409
Total other income	4,716	45,289
Total revenue and other income	53,526	95,773
Timing of revenue recognition		
Revenue recognised over time	47,813	48,961
Revenue recognised at a point in time	997	1,523
Total sales revenue	48,810	50,484

3 Expenses

The result for the year ended 31 December 2020 includes the following specific expenses

	2020 RM 000's	2019 RM 000's
Depreciation of property, plant and equipment	3,767	3,796
Depreciation of right-of-use assets	3,608	1,637
Rental expenses relating to short term leases	13	14
Rental expenses relating to low value leases	66	78
Rental expenses relating to variable lease payments	193	147
Interest expenses on lease liability	1,525	739
Impairment of other assets – movement in allowance for expected credit losses	379	150
Property, plant and equipment written off	-	1
Loss on disposal of non-current assets	28	-

UOW Malaysia KDU University College Sdn. Bhd.
Notes to the Financial Statements
For the Period Ended 31 December 2020

4 Income tax expense/(credit)

	2020 RM000's	2019 RM000's
Malaysian income tax		
Current income tax	26	25
	<u>26</u>	<u>25</u>
Deferred Tax (Note 10)		
- Origination and reversal of temporary differences	2,553	(1,592)
- Over recognition of deferred tax assets in prior year	(375)	(1,735)
Total recognised in income statement	<u>2,178</u>	<u>(3,327)</u>
Total tax expense/(credit)	<u><u>2,204</u></u>	<u><u>(3,302)</u></u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated profit for the year.

The reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2020 is as follows:

	2020 RM000's	2019 RM000's
Profit before tax	7,899	38,867
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	1,896	9,328
Expenses not deductible for tax purposes	683	325
Income not subject to taxation	-	(11,220)
Over provision of deferred tax in prior year	(375)	(1,735)
Income tax expense/(credit)	<u><u>2,204</u></u>	<u><u>(3,302)</u></u>

UOW Malaysia KDU University College Sdn. Bhd.
Notes to the Financial Statements
For the Period Ended 31 December 2020

5 Current assets - Cash and cash equivalents

	2020 RM 000's	2019 RM 000's
Cash at bank and on hand	13,441	11,356
Cash at bank and on hand	13,441	11,356

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 22.

6 Current assets - Trade and other receivables

		2020 RM 000's	2019 RM 000's
Current			
Net receivables from related parties	23(b)	3,261	230
Students		641	314
Less: allowance for credit losses (a)		(417)	(248)
		3,485	296
Other receivables		77	238
Prepayments and deposits		3,077	2,681
Total current trade and other receivables		6,639	3,215

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 14-30 day terms (2019: 14-30 days).

The ageing analysis of these impaired trade receivables is as follows:

	2020 RM 000's	2019 RM 000's
31 - 60 days	3	2
61 - 90 days	1	1
91+ days	413	245
	417	248

Allowance for credit losses

Credit losses of RM 340,000 (2019: RM 148,000) have been recognised by the Company for the current year. These amounts have been included in the "other expense" line item on the statement of profit or loss and other comprehensive income. No individual amount within the allowance is material.

	2020 RM 000's	2019 RM 000's
Movement in allowance account		
At 1 January	248	291
Allowance for credit losses	340	148
Write off	(171)	(191)
At 31 December	417	248

6 Current assets- Trade and other receivables (continued)**(b) Past due but not impaired**

At 31 December, the ageing analysis of trade receivables is as follows:

	2020 RM 000's	2019 RM 000's
0 - 30 days	1,012	230
31 - 60 days	400	-
61 - 90 days	142	-
91+ days	1,931	66
	<u>3,485</u>	<u>296</u>

Trade receivables are non-interest bearing and are generally on 14-30 day terms (2019: 14-30 days).

Receivables past due but not considered impaired are RM 3,485,000 for the Company (2019: RM 296,000). Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other receivables include RM 53,000 (2019: RM 13,000) which is considered impaired. The allowance for credit losses of RM 53,000 (2019: RM 13,000) has been netted against the other receivables. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(c) Fair value and credit risk.

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

(d) Interest rate and liquidity risk

Included in net receivables from related parties is an amount of RM 3,254,000 (2019: nil) due from an entity owned by the controlling entity which bears interest at 6.39% (2019: nil). Further information regarding interest rate and liquidity risk exposure is set out in note 22.

7 Current assets - Other financial assets

	2020 RM000's	2019 RM000's
Other deposits	321	314
	<u>321</u>	<u>314</u>

Other deposits

Included in other deposits with licensed banks are deposit pledged as security for bank guarantee facility granted by a licensed bank of RM 285,000 (2019: RM 278,000) and deposit maturing more than 90 days from reporting date of RM 36,000 (2019: RM 36,000). The said deposits are placed for a period of four months (2019: four months) and six months (2019: six months) respectively and earn interest of 1.60% to 1.85% (2019: 2.85%) per annum.

Impairment and risk exposure – Other deposits

None of the other deposits are either past due or impaired.

All deposits are denominated in Ringgit Malaysia (RM). As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the assets will be held to maturity.

UOW Malaysia KDU University College Sdn. Bhd.

Notes to the Financial Statements

For the Period Ended 31 December 2020

8 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020

	Leasehold Improvements	Plant and equipment and computer equipment	Total
	RM 000's	RM 000's	RM000's
Year ended 31 December 2020			
Opening net book amount	-	16,331	16,331
Additions	21	1,025	1,046
Disposals – written down value	-	(29)	(29)
Depreciation charge	(2)	(3,765)	(3,767)
Balance at 31 December 2020	19	13,562	13,581
At 31 December 2020			
Cost	4,846	62,203	67,049
Accumulated depreciation	(4,827)	(48,641)	(53,468)
Net book amount	19	13,562	13,581

2019

	Leasehold Improvements	Plant and equipment and computer equipment	Total
	RM 000's	RM 000's	RM 000's
Year ended 31 December 2019			
Opening net book amount	-	19,177	19,177
Additions	-	919	919
Write off	-	(1)	(1)
Transfer to assets held for sale	-	32	32
Depreciation charge	-	(3,796)	(3,796)
Balance at 31 December 2019	-	16,331	16,331
At 31 December 2019			
Cost	4,825	61,276	66,101
Accumulated depreciation	(4,825)	(44,945)	(49,770)
Net book amount	-	16,331	16,331

Notes to the Financial Statements
For the Period Ended 31 December 2020

9 Leases

Company as a lessee

The Company has a lease over a building. Information relating to the lease in place and the associated balance and transaction are provided below.

Terms and conditions of lease

Building

The Company leases a building for its office and education institution. The lease is up to a period of 7 years.

The building lease includes fixed rent increases at certain times during the lease term.

(a) Right-of-use asset

2020

Building	Total
RM 000's	RM 000's
Year ended 31 December 2020	
Balance at the beginning of the year	23,573
Depreciation charge	(3,608)
Balance at 31 December 2020	19,965

2019

Building	Total
RM 000's	RM 000's
Year ended 31 December 2019	
Balance at the beginning of the year	-
Depreciation charge	(1,637)
Addition to right-of-use asset	25,210
Balance at 31 December 2019	23,573

(b) Lease liability

The maturity analysis of lease liability based on contractual undiscounted cash flows is shown in the table below:

	2020	2019
	RM 000's	RM 000's
< 1 year	4,246	4,246
1 – 5 years	23,831	21,826
> 5 years	3,645	9,896
Total undiscounted lease liabilities	31,722	35,968

Lease liabilities included in the Statement of Financial Position

Current	2,875	2,720
Non-current	24,285	27,160
Total lease liabilities included in the Statement of Financial Position	27,160	29,880

Notes to the Financial Statements
For the Period Ended 31 December 2020

9 Leases (continued)
(c) Statement of Comprehensive Income

The amounts recognised in the statement of comprehensive income relating to the lease where the Company is a lessee are shown below:

	2020 RM 000's	2019 RM 000's
Income from sub-leasing right-of-use assets	2,667	850
Interest expense on lease liability	(1,525)	(739)
Variable lease payments not included in measurement of lease liability	(193)	(147)
Expenses relating to short term leases	(13)	(14)
Expenses relating to leases of low-value assets	(66)	(78)
Depreciation of right-of-use asset	(3,608)	(1,637)
	<u>(2,738)</u>	<u>(1,765)</u>

(d) Statement of Cash Flows

	2020 RM 000's	2019 RM 000's
Total cash outflow for lease	4,508	2,393

10 Deferred tax assets

	Note	2020 RM 000's	2019 RM 000's
At 1 January		13,130	9,803
Recognised in income statement	4	(2,178)	3,327
Balance at 31 December		<u>10,952</u>	<u>13,130</u>

Presented after appropriate offsetting as follows:

Deferred tax asset	15,119	18,009
Deferred tax liability	(4,167)	(4,879)
Balance at 31 December	<u>10,952</u>	<u>13,130</u>

	Note	Property, plant and equipment RM 000's	Unused tax losses RM 000's	Unabsorbed capital allowances RM 000's	Right-of-use asset RM 000's	Others RM 000's	Total RM 000's
2020							
At 1 January		(4,879)	4,311	7,694	1,514	4,490	13,130
Recognised in income statement	4	712	-	(73)	213	(3,030)	(2,178)
Balance at 31 December		<u>(4,167)</u>	<u>4,311</u>	<u>7,621</u>	<u>1,727</u>	<u>1,460</u>	<u>10,952</u>
2019							
At 1 January		(5,949)	4,311	10,219	-	1,222	9,803
Recognised in income statement	4	1,070	-	(2,525)	1,514	3,268	3,327
Balance at 31 December		<u>(4,879)</u>	<u>4,311</u>	<u>7,694</u>	<u>1,514</u>	<u>4,490</u>	<u>13,130</u>

Notes to the Financial Statements
For the Period Ended 31 December 2020

11 Current liabilities – Trade and other payables

	Note	2020 RM 000's	2019 RM 000's
Current			
Related party payables	23(b)	25	3,456
Non-trade payables and accruals		11,325	13,722
Balance at 31 December		11,350	17,178

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Included in related party payables in 2019 was an amount due to the parent of the controlling entity of RM 3,363,000 which bore interest at 5.50%. Further information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 22.

12 Current liabilities – Provisions

	2020 RM 000's	2019 RM 000's
Provision for annual leave	884	617
	884	617

The current provision includes nil (2019: nil) annual leave entitlements accrued but not expected to be taken within 12 months.

13 Current liabilities - Contract liability

	2020 RM 000's	2019 RM 000's
Contract income and amounts received in advance	3,367	3,797

14 Financing arrangements

The Company has access to the following lines of credit with Hong Leong Bank and Maybank, as at 31 December:

	2020 RM 000's	2019 RM 000's
Available at balance sheet date		
Bank overdraft	6,500	7,000
Bank guarantee	6,000	6,000
Credit card facility	100	15
	12,600	13,015
Used at balance sheet date		
Bank overdraft	-	-
Bank guarantee	-	2,000
Credit card facility	1	2
	1	2,002
Unused at balance sheet date		
Bank overdraft	6,500	7,000
Bank guarantee	6,000	4,000
Credit card facility	99	13
	12,599	11,013

UOW Malaysia KDU University College Sdn. Bhd.

Notes to the Financial Statements For the Period Ended 31 December 2020

15 Issued capital

(a) Ordinary shares

	2020 No.	2019 No.	2020 RM	2019 RM
At the beginning of the reporting year	15,000,000	15,000,000	16,059,000	16,059,000
Bonus issue of shares (note 16)	4,000,000	-	4,000,000	-
At the end of the reporting year	19,000,000	15,000,000	20,059,000	16,059,000

During the financial year, the Company increased its issued and paid-up share capital from RM 16,059,000 to RM 20,059,000 pursuant to the issuance of bonus shares of 4,000,000 of RM1 each to shareholders in proportion to their shareholding, of which 2,600,000 and 1,400,000 shares were issued to UOWM Sdn. Bhd. and the minority shareholder, Paramount Corporation Berhad respectively.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Capital management

When managing capital, the Board of Directors' objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to its shareholders. The Board of Directors has no current plans to issue further shares to its shareholders. The Company currently manages issued capital of RM 20,059,000.

The Company is not subject to any externally imposed capital requirements.

16 Equity contribution from minority shareholder/parent

	(a) RM 000's	(b) RM 000's	Total RM 000's
Balance at 1 January 2019	-	729	729
Completion adjustment	4,955	-	4,955
Balance at 31 December 2019	4,955	729	5,684
Bonus issue of shares (note 15)	(4,000)	-	(4,000)
Balance at 31 December 2020	955	729	1,684

- (a) This reserve is made up of a completion adjustment in accordance with the share sale by Paramount Corporation Berhad of 9,750,000 ordinary shares of the Company, representing 65% equity interest to UOWM Sdn. Bhd. in the previous financial year.
- (b) This reserve is made up of the cumulative value of services received from employees recorded on grant of share incentives of Paramount Corporation Berhad to its employees under the equity-settled share options scheme. The scheme expired on 29 August 2010.

17 Retained earnings / (accumulated losses)

	2020 RM 000's	2019 RM 000's
Balance at 1 January	(5,284)	(23,993)
Profit for the year	5,695	42,169
Dividend paid	-	(23,460)
Balance at 31 December	411	(5,284)

**Notes to the Financial Statements
For the Period Ended 31 December 2020**

18 Dividend

No dividend for the financial year ended 31 December 2020 has been declared or paid.

In respect of the year ended 31 December 2019 a dividend of RM 23,460,000 was declared and paid on 22 August 2019.

19 Auditors remuneration

	2020	2019
	RM 000's	RM 000's
Auditors of the company		
The Audit Office of New South Wales – Audit of the Australian financial statements	24	24
Grant Thornton – Audit of the Malaysian financial statements	38	30
Total remuneration for audit and other assurance services	62	54

20 Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting year and unless otherwise indicated were key management personnel for the entire year:

Datin Teh Geok Lian
Chew Sun Teong
Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2020	2019
	RM	RM
Short-term employment benefits	291,022	1,412,400
Contribution to defined contribution plan	30,510	163,500
	321,532	1,575,900

(b) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Company, including their personally related parties.

Notes to the Financial Statements
For the Period Ended 31 December 2020

21 Statement of cash flow reconciliation

(a) Reconciliation to cash and cash equivalents at 31 December 2020

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2020 RM 000's	2019 RM 000's
As per the Statement of Financial Position			
Cash and cash equivalents	5	13,441	11,356
Total per Statement of Cash Flows		13,441	11,356

(b)

Profit for the year after income tax	5,695	42,169
--------------------------------------	-------	--------

Adjustments for:

Depreciation expense	7,375	5,433
Property, plant and equipment written off	-	1
Impairment of other assets	379	150
Non-cash finance costs	-	1,535
Unrealised foreign exchange (gains) / losses	(87)	104
Interest income	(107)	(106)
Loss on disposal of non-current assets	28	-
Gain on disposal of properties	-	(38,409)
Operating profit before changes in assets and liabilities	13,283	10,877
Increase in trade and other receivables	(3,803)	(1,131)
Increase / (decrease) in trade and other payables	1,032	(12,683)
Increase / (decrease) in other provisions	266	(32)
(Decrease) / increase in contract liabilities	(430)	2,656
Increase / (decrease) in provision for income tax receivable / payable	2,175	(3,327)
Net cash flows from / (used in) operating activities	12,523	(3,640)

22 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Notes to the Financial Statements
For the Period Ended 31 December 2020

22 Financial risk management (continued)

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2020	2019
	RM 000's	RM 000's
Education	641	314
Related parties	3,261	230
	3,902	544

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk is managed at group level subject to the Company's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Notes to the Financial Statements
For the Period Ended 31 December 2020

22 Financial risk management (continued)**(b) Liquidity risk (continued)**

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis – non-derivative

	Within 1 year 2020 RM 000's	1 to 5 years 2020 RM 000's	Over 5 years 2020 RM 000's	Total 2020 RM 000's
Financial Assets				
Cash and cash equivalents	13,441	-	-	13,441
Trade and other receivables	3,562	-	-	3,562
Other financial assets	321	-	-	321
	17,324	-	-	17,324
Financial Liabilities				
Trade and other payables	11,350	-	-	11,350
Lease liability	4,246	23,831	3,645	31,722
Net Exposure	1,728	(23,831)	(3,645)	(25,748)
	Within 1 year 2019 RM 000's	1 to 5 years 2019 RM 000's	Over 5 years 2019 RM 000's	Total 2019 RM 000's
Financial Assets				
Cash and cash equivalents	11,356	-	-	11,356
Trade and other receivables	534	-	-	534
Other financial assets	314	-	-	314
	12,204	-	-	12,204
Financial Liabilities				
Trade and other payables	17,178	-	-	17,178
Lease liability	4,246	21,826	9,896	35,968
Net Exposure	(9,220)	(21,826)	(9,896)	(40,942)

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

Notes to the Financial Statements
For the Period Ended 31 December 2020

22 Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on purchases that are denominated in currencies other than the functional currency. Whilst the volume of purchases denominated in foreign currencies is quite small, the primary currency in which these transactions are denominated in, is the Australian Dollar (AUD), Swiss Franc (CHF), Euro (EUR) and the Great Britain Pound (GBP).

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At the reporting date, the company's exposure to foreign currency risk based on net carrying amount of financial liabilities are as follows:

	2020	2019
	RM 000's	RM 000's
Other payables		
Denominated in:		
GBP	(54)	(57)
CHF	(346)	-
EUR	<u>(2)</u>	<u>(2)</u>
Related party payables		
Denominated in:		
AUD	<u>(25)</u>	<u>(3,363)</u>

Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to foreign exchange rate risk.

	Profit before tax (decrease)/increase	
	2020	2019
	RM 000's	RM 000's
GBP/RM – strengthened 6% (2019: 6%)	(3)	(3)
GBP/RM – weakened 2% (2019: 2%)	1	1
CHF/RM – strengthened 6% (2019: 6%)	(21)	-
CHF/RM – weakened 2% (2019: 2%)	7	-
AUD/RM – strengthened 2% (2019: 5%)	(1)	(168)
AUD/RM – weakened 2% (2019: 5%)	1	168

22 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

The Company's trade receivables are non-interest bearing.

Included in cash and cash equivalents are interest bearing bank balances amounting to RM 1,057,000 (2019: RM 10,939,000) which earn interest of 0.05% to 0.46% (2019: 1.28% to 1.48%) per annum.

Included in other deposits with licensed banks are deposit pledged as security for bank guarantee facility granted by a licensed bank of RM 285,000 (2019: RM 278,000) and deposit maturing more than 90 days from reporting date of RM 36,000 (2019: RM 36,000). The said deposits are placed for a period of four months (2019: four months) and six months (2019: six months) respectively and earn interest of 1.60% to 1.95% (2019: 2.85%) per annum.

23 Related parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial year are:

Datin Teh Geok Lian
Chew Sun Teong
Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

Details of key management personnel compensation are set out in note 20 to the financial statements.

Apart from the details disclosed in note 20, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Non-director related parties

The classes of non-director related parties are:

- Controlling entity of the Company – UOWM Sdn. Bhd.
- Parent of the controlling entity of the Company – UOWGE Ltd
- Ultimate controlling entity of the Company – University of Wollongong

Transactions with related entities

All transactions with non-director related parties are on normal terms and conditions.

Trade debtors are settled on normal 30-day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

UOWGE Ltd (parent of the controlling entity of the Company) provides management and transitional services to the Company. These services are passed through the Company on commercial terms.

Notes to the Financial Statements
For the Period Ended 31 December 2020

23 Related parties (continued)**(b) Transactions with related parties (continued)***Transactions with related entities (continued)*

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are non-trade in nature, unsecured, non-interest bearing and are repayable on demand, other than amount due from an entity owned by the controlling entity as at the reporting date of RM 3,254,000 (2019: nil) which bears interest of 6.39% (2019: nil) and amount due to the parent of the controlling entity as at the previous reporting date of RM 3,363,000 which bore interest of 5.50%.

The aggregate amounts included in the profit for the financial year that resulted from transactions with non-director related parties are:

	2020 RM 000's	2019 RM 000's
Other income		
Rental charged to an entity owned by the minority shareholder	-	339
Interest charged to an entity owned by the controlling entity	<u>51</u>	<u>-</u>
Total other income	<u>51</u>	<u>339</u>
Expenses		
Management fees		
Charged by minority shareholder	-	1,064
Charged by parent of controlling entity	<u>1,933</u>	<u>681</u>
	1,933	1,745
Fees and Charges		
Interest Expense		
Charged by parent of the controlling entity	<u>20</u>	<u>14</u>
Total expenditure	<u>1,953</u>	<u>1,759</u>

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2020 RM 000's	2019 RM 000's
Current receivables (sales of goods and services)		
Ultimate controlling entity	-	70
Entities owned by the controlling entity	<u>3,261</u>	<u>160</u>
	<u>3,261</u>	<u>230</u>
Current payables		
Parent of the controlling entity	<u>25</u>	<u>3,291</u>
Entity owned by the controlling entity	<u>-</u>	<u>165</u>
	<u>25</u>	<u>3,456</u>

**Notes to the Financial Statements
For the Period Ended 31 December 2020**

24 Subsequent events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

25 Contingent assets and liabilities

There were no contingent assets or liabilities for the Company at 31 December 2020 (2019: nil).

End of audited financial statements

UOW Malaysia KDU Penang University College Sdn. Bhd.

Registration No: 200901036235 (879357-X)

Financial Statements

For the Year Ended 31 December 2020

UOW Malaysia KDU Penang University College Sdn. Bhd.

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UOW Malaysia KDU Penang University College Sdn. Bhd.

Directors' Report For the Year Ended 31 December 2020

Directors' Report

The directors of UOW Malaysia KDU Penang University College Sdn. Bhd. (the "Company") have the pleasure of presenting their report together with the audited financial statements of the Company for the year ended 31 December 2020.

General information

Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows:

Names

Datin Teh Geok Lian
Chew Sun Teong
Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activity of the Company is to provide educational services.

Review of operations

The profit for the year to 31 December 2020 was RM 811,000 (31 December 2019: RM 30,210,000)

The result reflects lower educational fees from tertiary programs conducted by the Company due to the COVID-19 pandemic which has severely impacted enrolment. As a response, we have implemented strict cost management control measures to mitigate the impact of lower revenue. Additional student enrolment intakes have also been launched in an effort to supplement the enrolment numbers from the main intakes.

Dividends

No dividend for the year ended 31 December 2020 has been declared or paid.

In respect of the year ended 31 December 2019 a dividend of RM 47,371,000 was declared and paid on 22 August 2019.

State of affairs

There were no other significant changes in the state of affairs of the Company that occurred during the year ended 31 December 2020.

Environmental regulation

The Company adheres to environmental regulation and standards at each of its operating locations. The Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Events subsequent to reporting date

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Company secretary

HMC Corporate Services Sdn. Bhd. has been the legal secretary for the entire year. HMC specializes in company secretarial solutions.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the year are:

	Directors' Meetings	
	Number eligible to attend	Number attended
Datin Teh Geok Lian	6	6
Chew Sun Teong	6	6
Noel Harold Cornish AM	6	6
Marisa Mastroianni	6	6
Ng Glok Hong	6	6

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officer

The Company under its global insurance arrangements has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

UOW Malaysia KDU Penang University College Sdn. Bhd.

**Directors' Report
For the Year Ended 31 December 2020**

The Company has offered its Directors and CEO, a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

Rounding off

Amounts in the financial statements have been rounded off to the nearest thousand Ringgit Malaysia (RM), or in certain cases, the nearest RM.

Auditors

For Australian reporting compliance, the Auditors are The Audit Office of New South Wales.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong

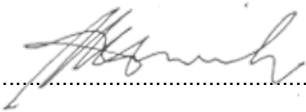
UOW Malaysia KDU Penang University College Sdn. Bhd.

**Certificate under the Public Finance and Audit Act 1983
For the Year Ended 31 December 2020**

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU Penang University College Sdn. Bhd. as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong

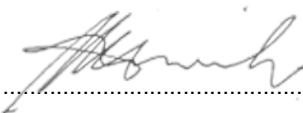
UOW Malaysia KDU Penang University College Sdn. Bhd.


**Directors' Declaration
For the Year Ended 31 December 2020**

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU Penang University College Sdn. Bhd. as at the 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong



INDEPENDENT AUDITOR'S REPORT

UOW Malaysia KDU Penang University College Sdn. Bhd.

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW Malaysia KDU Penang University College Sdn. Bhd. (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D Ryan', in a light grey color.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

UOW Malaysia KDU Penang University College Sdn. Bhd.

**Start of audited financial statements
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020**

		2020	2019
		RM 000's	RM 000's
Revenue	2	25,875	26,403
Other income	2	1,994	32,072
Total revenue and other income		27,869	58,475
Employee related expenses		(14,636)	(16,144)
Depreciation expense	3	(956)	(1,040)
Administration and site expenses		(3,049)	(2,893)
Marketing expenses		(1,405)	(1,516)
Other expenses		(5,938)	(7,059)
Finance costs	3	(33)	(2,191)
Profit before income tax		1,852	27,632
Income tax (expense)/credit	4	(1,041)	2,578
Profit after income tax		811	30,210
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		811	30,210

The accompanying notes form part of these financial statements

UOW Malaysia KDU Penang University College Sdn. Bhd.

**Statement of Financial Position
As At 31 December 2020**

	Note	2020 RM 000's	2019 RM 000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	6,791	16,249
Trade and other receivables	6	1,413	1,653
Current tax receivable		1,169	82
TOTAL CURRENT ASSETS		9,373	17,984
NON-CURRENT ASSETS			
Property, plant and equipment	7	6,797	6,554
Right of use assets	8	269	882
TOTAL NON-CURRENT ASSETS		7,066	7,436
TOTAL ASSETS		16,439	25,420
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	5,951	15,257
Provisions	11	554	426
Lease liabilities	8	231	477
Contract liabilities	12	281	322
TOTAL CURRENT LIABILITIES		7,017	16,482
NON-CURRENT LIABILITIES			
Deferred tax liabilities	9	3,798	3,751
Lease liabilities	8	48	422
TOTAL NON-CURRENT LIABILITIES		3,846	4,173
TOTAL LIABILITIES		10,863	20,655
NET ASSETS		5,576	4,765
EQUITY			
Issued capital	14	15,003	15,003
Equity contribution from minority shareholder/parent	16	3,663	3,663
Retained earnings	17	(13,090)	(13,901)
TOTAL EQUITY		5,576	4,765

The accompanying notes form part of these financial statements

UOW Malaysia KDU Penang University College Sdn. Bhd.

Statement of Cash Flows
For the Year Ended 31 December 2020

	2020	2019
	RM 000's	RM 000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers (inclusive of tax)	26,670	59,418
Payments to suppliers and employees (inclusive of tax)	(33,091)	(56,267)
	(6,421)	3,151
Income taxes (paid)/received	(2,081)	300
Interest paid	(33)	(787)
Net cash flows (used in) / from operating activities	(8,535)	2,664
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(713)	(5,829)
Interest received	179	118
Additions on capital-work-in-progress classified as held for sale	-	(8,972)
Government grants received for construction of PP&E	-	7,245
Proceeds from sale of non-current assets	3	-
Net cash flows used in investing activities	(531)	(7,438)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in placements in banks restricted for use	-	1,459
Equity contribution by a shareholder	-	3,233
Drawdown of borrowing	-	14,859
Principal portion of lease payments	(392)	(461)
Net cash flows (used in) / from financing activities	(392)	19,090
Net (decrease)/increase in cash and cash equivalents	(9,458)	14,316
Cash and cash equivalents at beginning of the year	16,249	1,933
Cash and cash equivalents at end of the year	6,791	16,249

The accompanying notes form part of these financial statements

UOW Malaysia KDU Penang University College Sdn. Bhd.

Statement of Changes in Equity

For the Year Ended 31 December 2020

2020

	Issued Capital	Equity contribution from minority shareholder/ parent	Retained Earnings	Total
	RM 000's	RM 000's	RM 000's	RM 000's
Balance at 1 January 2020	15,003	3,663	(13,901)	4,765
Profit for the year	-	-	811	811
Balance at 31 December 2020	15,003	3,663	(13,090)	5,576

2019

	Issued Capital	NCRCPs	Equity contribution from minority shareholder/ parent	Retained Earnings	Total
	RM 000's	RM 000's	RM 000's	RM 000's	RM 000's
Balance at 1 January 2019	15,003	30,000	430	22,597	68,030
Profit for the year	-	-	-	30,210	30,210
Transactions with owner					
Completion adjustment (note 16)	-	-	3,233	-	3,233
Redemption of NCRCPs (note 15)	-	(30,000)	-	-	(30,000)
Waiver of debts	-	-	-	(19,337)	(19,337)
Dividend paid	-	-	-	(47,371)	(47,371)
Balance at 31 December 2019	15,003	-	3,663	(13,901)	4,765

The accompanying notes form part of these financial statements

UOW Malaysia KDU Penang University College Sdn. Bhd.

Notes to the Financial Statements For the Year Ended 31 December 2020

The financial report covers UOW Malaysia KDU Penang University College Sdn. Bhd. as an individual entity. UOW Malaysia KDU Penang University College Sdn. Bhd. is a for-profit private liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan. The principle place of business of the Company is located at 32, Jalan Anson, 10400 George Town, Penang.

The functional and presentation currency of UOW Malaysia KDU Penang University College Sdn. Bhd. is the Ringgit Malaysia.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purpose of financial reporting the Company is a for-profit entity.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Company's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 19 March 2021.

(b) Statement of compliance

The financial statements are presented in Ringgit Malaysia which is the Company's functional currency and figures are rounded to the nearest thousand ringgits (RM '000), or in certain cases the nearest ringgit. The financial statements are prepared on a historical cost basis.

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described note 1(m).

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1 Summary of Significant Accounting Policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(d) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than RM 1,000 are expensed in the year of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

1 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

a. Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

b. Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

c. Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
• Plant and Equipment	10 to 33.33
• Furniture, Fixtures and Fittings	10 to 33.33
• Computer Equipment	33.33

d. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(f) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Company participates in the national pension schemes as defined by the Malaysian laws. The Company makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1 Summary of Significant Accounting Policies (continued)

(h) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

To determine whether to recognise revenue, the Company follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

(i) Tuition fees

Tuition fees, are course fees relating to the provision of educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial year. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer note 12.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Company also generates revenue from the conduct of other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial period. These other fees, earned during the current period are disclosed in note 2.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. Further disclosure on revenue is provided in note 2.

(ii) Rental income

Rental income is recognised on a straight line basis over the term of the lease.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

1 Summary of Significant Accounting Policies (continued)

(h) Revenue and other income (continued)

(iv) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(i) Sales Tax

Revenue, expenses and assets are recognised net of the amount Sales Tax except where the amount of Sales Tax incurred is not recoverable from the taxation authority. In these circumstances the Sales Tax is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of Sales Tax included. The net amount of Sales Tax recoverable from, or payable to, the tax authority is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The Sales Tax component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority is classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of Sales Tax recoverable from, or payable to, the tax authority.

(j) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(k) Income tax

Income tax arising on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

1 Summary of Significant Accounting Policies (continued)

(k) Income tax (continued)

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(l) Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses are recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit").

(m) Critical accounting estimates

The directors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

1 Summary of Significant Accounting Policies (continued)

(o) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Company has decided against early adoption of these standards.

The impact of the standards most relevant to the Company are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(p) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(q) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss - ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

1 Summary of Significant Accounting Policies (continued)

(q) Financial instruments (continued)

(iii) Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

Trade receivables and contract assets impairment

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past and writes off fully any amounts that management believes are unlikely to be recovered and any receivables that are more than 2 years past due.

(iv) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

1 Summary of Significant Accounting Policies (continued)

(q) Financial instruments (continued)

(v) Impairment of financial assets (continued)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(vi) Financial liabilities

The financial liabilities of the Company comprise of trade & other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

(r) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that person:

- a. has control or joint control of the Company;
- b. has significant influences over the Company; or
- c. is a member of the key management personnel of the Company or of a parent of the Company.

(b) The party is an entity and if any of the following conditions apply:

- a. the entity and the Company are members of the same group;
- b. one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- c. the entity and the Company are joint ventures of the same party;
- d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- e. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- f. the entity is controlled or jointly controlled by a person identified in (a);
- g. a person identified in a(i) has a significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity);
- h. the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company.
- i. Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

UOW Malaysia KDU Penang University College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

2 Revenue and other income

	2020 RM 000's	2019 RM 000's
Sales revenue		
- Tuition fees	<u>25,875</u>	<u>26,403</u>
Other income		
- Rental revenue	748	1,072
- Interest Income	179	118
- Other income	470	1,937
- Income from mobility programs	501	1,158
- Admission fees	93	125
- Gain on disposal of properties	<u>3</u>	<u>27,662</u>
Total other income	<u>1,994</u>	<u>32,072</u>
Total revenue and other income	<u>27,869</u>	<u>58,475</u>
 Timing of revenue recognition		
Revenue recognised over time	24,676	24,982
Revenue recognised at a point in time	<u>1,199</u>	<u>1,421</u>
Total Sales Revenue	<u>25,875</u>	<u>26,403</u>

3 Expenses

The result for the year ended 31 December 2020 includes the following specific expenses

	2020 RM 000's	2019 RM 000's
Depreciation of property, plant and equipment	(470)	(562)
Depreciation of right-of-use assets	(486)	(478)
Rental expenses relating to short term leases	(1,206)	(111)
Rental expenses relating to low value leases	(310)	(314)
Interest expenses on lease liabilities	(33)	(45)
Impairment of other assets – allowance for expected credit losses	(15)	(20)

UOW Malaysia KDU Penang University College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

4 Income tax expense / (credit)

	2020 RM000's	2019 RM000's
Current income tax		
Malaysian income tax	797	236
Over provision in prior year	197	(275)
Real property gains tax	-	1,423
	<u>994</u>	<u>1,384</u>
Deferred Tax (Note 9)		
- Origination and reversal of temporary differences	(126)	(2,645)
- Under/(over) recognition of deferred tax assets in prior year	173	(1,317)
Total recognised in income statement	<u>47</u>	<u>(3,962)</u>
Total tax expenses/(credit)	<u>1,041</u>	<u>(2,578)</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated profit for the year.

The reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2020 is as follows:

	2020 RM000's	2019 RM000's
Profit before tax	1,852	27,632
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	444	6,632
Expenses not deductible for tax purposes	203	392
Income not subject to taxation	-	(9,123)
Effect of income subject to real property gain tax	-	1,423
Interest capitalized allowable as tax deduction	-	(310)
Others	24	-
Under/(over) provision of deferred tax in prior year	197	(1,317)
Under/(over) provision of income tax in prior year	173	(275)
Income tax expense/(credit)	<u>1,041</u>	<u>(2,578)</u>

UOW Malaysia KDU Penang University College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

5 Current assets - Cash and cash equivalents

	2020 RM 000's	2019 RM 000's
Cash at bank and on hand	6,791	16,249
Cash at bank and on hand	6,791	16,249

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 23.

6 Current assets- Trade and other receivables

	Note	2020 RM 000's	2019 RM 000's
Current			
Net receivables from related parties	24(b)	26	111
Students		277	363
Less: allowance for credit losses (a)		(43)	(78)
		260	396
Other receivables		207	286
Prepayments and deposits		946	971
Total current trade and other receivables		1,413	1,653

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 14-30 day terms (2019: 14-30 days).

The ageing analysis of these impaired receivables is as follows:

	2020 RM 000's	2019 RM 000's
0 - 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91+ days	43	78
	43	78

UOW Malaysia KDU Penang University College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

6 Current assets- Trade and other receivables (continued)

(a) Impaired trade receivables (continued)

Allowance for credit loss

A credit loss of RM 15,000 (2019: RM 18,000) has been recognised by the Company for the current year. These amounts have been included in the "other expense" line item on the statement of profit or loss and other comprehensive income. No individual amount within the allowance is material.

	2020	2019
	RM 000's	RM 000's
Movement in allowance account		
At 1 January	78	98
Allowance / (write back of allowance) for impairment losses	15	(20)
Write off	(50)	-
At 31 December	<u>43</u>	<u>78</u>

(b) Past due but not impaired

At 31 December, the ageing analysis of trade receivables is as follows:

	2020	2019
	RM 000's	RM 000's
0 - 30 days	35	137
31 - 60 days	9	23
61 - 90 days	212	182
91+ days	4	54
	<u>260</u>	<u>396</u>

Trade receivables are non-interest bearing and are generally on 14-30 day terms (2019: 14-30 days).

Receivables past due but not considered impaired are RM 258,000 for the Company (2019: RM 285,000). Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(c) Fair value and credit risk.

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

UOW Malaysia KDU Penang University College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

7 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020

	Capital Works in Progress	Plant and equipment	Computer equipment	Total
	RM 000's	RM 000's	RM 000's	RM000's
Year ended 31 December 2020				
Opening net book amount	5,490	907	157	6,554
Additions	-	696	17	713
Transfers from CWIP	(5,490)	2,392	3,098	-
Depreciation charge	-	(373)	(97)	(470)
Balance at 31 December 2020	-	3,622	3,175	6,797
At 31 December 2020				
Cost	-	10,091	7,453	17,544
Accumulated depreciation	-	(6,469)	(4,278)	(10,747)
Net book amount	-	3,622	3,175	6,797

2019

	Capital Works in Progress	Plant and equipment	Computer equipment	Total
	RM 000's	RM 000's	RM 000's	RM 000's
Year ended 31 December 2019				
Opening net book amount	-	1,000	287	1,287
Additions	5,490	312	27	5,829
Depreciation charge	-	(405)	(157)	(562)
Balance at 31 December 2019	5,490	907	157	6,554
At 31 December 2019				
Cost	5,490	7,028	4,337	16,855
Accumulated depreciation	-	(6,121)	(4,180)	(10,301)
Net book amount	5,490	907	157	6,554

8 Leases

Company as a lessee

The Company has leases over a range of assets including buildings and office equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Company leases buildings for their offices, education institutions and students' accommodation, the leases are up to a period of 2-3 years.

The building lease includes fixed rent increases at certain times during the lease term.

(a) Right-of-use assets

2020

	Buildings	Office Equipment	Total
	RM 000's	RM 000's	RM 000's
Year ended 31 December 2020			
Balance at the beginning of the year	840	42	882
Additions to right-of-use assets	444	-	444
Disposals	(570)	-	(570)
Depreciation charge	(475)	(12)	(487)
Balance at 31 December 2020	239	30	269

2019

	Buildings	Office Equipment	Total
	RM 000's	RM 000's	RM 000's
Year ended 31 December 2019			
Balance at the beginning of the year	-	-	-
Effects of AASB 16 leases	202	54	202
Depreciation charge	(466)	(12)	(478)
Additions to right-of-use assets	1,104	-	1,104
Balance at 31 December 2019	840	42	882

Notes to the Financial Statements
For the Year Ended 31 December 2020

8 Leases (continued)

(b) Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	2020 RM 000's	2019 RM 000's
< 1 year	239	507
1 – 5 years	49	433
> 5 years	-	-
Total undiscounted lease liabilities	288	940

Lease liabilities included in the Statement of Financial Position

Current	231	477
Non-current	48	422
Total lease liabilities included in the Statement of Financial Position	279	899

(c) Statement of Comprehensive Income

The amounts recognised in the statement of comprehensive income relating to leases where the Company is a lessee are shown below:

	2020 RM 000's	2019 RM 000's
Income from sub-leasing right-of-use assets	731	1,021
Interest expense on lease liabilities	(33)	(45)
Variable lease payments not included in measurement of lease liabilities	-	-
Expenses relating to short term leases	(1,206)	(111)
Expenses relating to leases of low-value assets	(310)	(314)
Depreciation of right-of-use assets	(486)	(478)
	(1,304)	73

(d) Statement of Cash Flows

	2020 RM 000's	2019 RM 000's
Total cash outflow for leases	1,941	932

UOW Malaysia KDU Penang University College Sdn. Bhd.

Notes to the Financial Statements For the Year Ended 31 December 2020

9 Deferred tax liabilities

	Note	2020 RM 000's	2019 RM 000's
At 1 January		3,751	7,713
Recognised in income statement	4	47	(3,962)
Balance at 31 December		3,798	3,751

Presented after appropriate offsetting as follows:

Deferred tax asset		(393)	(438)
Deferred tax liability		4,191	4,189
Balance at 31 December		3,798	3,751

	Note	Property, plant & equipment RM 000's	Fees in advance RM 000's	Deferred balancing charge RM 000's	Others RM 000's	Total RM 000's
2020						
At 1 January		(34)	(79)	3,977	(113)	3,751
Recognised in income statement	4	919	2	(671)	(203)	47
Balance at 31 December		885	(77)	3,306	(316)	3,798
2019						
At 1 January		7,918	(61)	-	(144)	7,713
Recognised in income statement	4	(7,952)	(18)	3,977	31	(3,962)
Balance at 31 December		(34)	(79)	3,977	(113)	3,751

10 Current liabilities – Trade and other payables

	Note	2020 RM 000's	2019 RM 000's
Current			
Related party payables	24(b)	73	215
Non-trade payables and accruals		5,878	15,042
Balance at 31 December		5,951	15,257

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Further information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 23.

UOW Malaysia KDU Penang University College Sdn. Bhd.

Notes to the Financial Statements For the Year Ended 31 December 2020

11 Current liabilities – Provisions

Current

	2020 RM 000's	2019 RM 000's
Provision for annual leave	554	426
	<u>554</u>	<u>426</u>

The current provision includes nil (2019: nil) annual leave entitlements accrued but not expected to be taken within 12 months.

12 Current liabilities - Contract liabilities

	2020 RM 000's	2019 RM 000's
Contract income and amounts received in advance	281	322
	<u>281</u>	<u>322</u>

13 Financing arrangements

The Company has access to the following lines of credit with Malayan Banking Berhad, as at 31 December:

	2020 RM 000's	2019 RM 000's
Available at balance sheet date		
Bank overdraft	1,000	1,000
Bank guarantee	1,000	1,000
Credit card facility	50	50
	<u>2,050</u>	<u>2,050</u>
Used at balance sheet date		
Bank overdraft	-	-
Bank guarantee	514	514
Credit card facility	7	5
	<u>521</u>	<u>519</u>
Unused at balance sheet date		
Bank overdraft	1,000	1,000
Bank guarantee	486	486
Credit card facility	43	45
	<u>1,529</u>	<u>1,531</u>

UOW Malaysia KDU Penang University College Sdn. Bhd.

Notes to the Financial Statements For the Year Ended 31 December 2020

14 Issued capital

(a) Ordinary shares

	2020 No.	2019 No.	2020 RM	2019 RM
At the beginning and end of the reporting year	15,000,000	15,000,000	15,003,300	15,003,300

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Capital management

When managing capital, the Board of Director's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors has no current plans to issue further shares to its shareholder. The Company currently manages issued capital of RM 15,003,300.

The Company is not subject to any externally imposed capital requirements.

15 Non-cumulative Redeemable Convertible Preference Shares ("NCRCPs")

	2020 No.	2019 No.	2020 RM	2019 RM
At the beginning of the year	-	6,000	-	30,000,000
Redeemed during the year	-	(6,000)	-	(30,000,000)
At 31 December	-	-	-	-

On 22 July 2019, the company fully redeemed the NCRCPs by way of setting off against an equivalent amount of RM 30,000,000 due from PCB.

The salient terms of the NCRCPs are summarized below:

- Preferential non-cumulative dividends were payable at a rate to be mutually agreed and were payable on a date determined by the Company subject to availability of profits.
- The NCRCPs were redeemable at the Company's option at any time out of profits or out of fresh issues of shares.
- The NCRCPs were convertible at the Company's option at any time into ordinary shares in the Company at a conversion rate to be determined by the Company.
- In the event of winding up, the NCRCPs holders shall be entitled to a repayment of capital pari passu with the ordinary shares of the Company.
- The NCRCPs holders did not carry any right to vote at any general meeting of the Company except on resolutions to amend the NCRCPs holder's rights, to reduce the capital of the Company, to dispose the whole of the Company's property, business and undertakings and to wind up the Company in the event the declared dividend or part of the dividend on the NCRCPs was in arrears for more than six months.

16 Equity Contribution from minority shareholder/parent

	2020 RM 000's	2019 RM 000's
Balance at 1 January	3,663	430
Completion adjustment	-	3,233
Balance at 31 December	3,663	3,663

This reserve is made up of a completion adjustment in accordance with the share sale by Paramount Corporation Berhad of 9,750,000 ordinary shares of the Company, representing 65% equity interest to UOWM Sdn. Bhd.

UOW Malaysia KDU Penang University College Sdn. Bhd.

Notes to the Financial Statements For the Year Ended 31 December 2020

17 Retained earnings

	2020 RM 000's	2019 RM 000's
Balance at 1 January	(13,901)	22,596
Profit/(loss) for the year	811	30,210
Waiver of debts (a)	-	(19,337)
Dividends paid	-	(47,371)
Balance at 31 December	(13,090)	(13,901)

- (a) In 2019 the Company waived an amount owing by its former holding company and now minority shareholder, Paramount Corporation Berhad amounting to RM 19,336,595.

18 Dividends

No dividend for the financial year ended 31 December 2020 has been declared or paid.

In respect of the year ended 31 December 2019 a dividend of RM 47,371,000 was declared and paid on 22 August 2019.

19 Auditors remuneration

	2020 RM 000's	2019 RM 000's
Auditors of the company		
The Audit Office of New South Wales – Audit of the Australian financial statements	15	15
Grant Thornton – Audit of the Malaysian financial statements	14	14
Total remuneration for audit and other assurance services	29	29

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

20 Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting year and unless otherwise indicated were key management personnel for the entire year:

Datin Teh Geok Lian
Chew Sun Teong
Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2020	2019
	RM	RM
Short-term employment benefits	232,817	1,013,968
Contribution to defined contribution plan	24,408	101,503
	<u>257,225</u>	<u>1,115,471</u>

(b) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Company, including their personally related parties.

Notes to the Financial Statements
For the Year Ended 31 December 2020

21 Statement of cash flow reconciliation

(a) Reconciliation to cash and cash equivalents at 31 December 2020

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2020 RM 000's	2019 RM 000's
As per the Statement of Financial Position			
Cash and Cash equivalents	5	6,791	16,249
Total per statement of cash flows		6,791	16,249

(b)

Profit for the year after income tax	811	30,210
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Adjustments for:

Depreciation expense	956	1,040
Net gain on disposal of non-current assets	(3)	(27,662)
Unrealised FX	(10)	38
Interest income	(179)	(118)
Amortisation of borrowing costs	-	1,403
Gain upon termination of lease contract	10	-
Income from waiver of rental	(112)	-
Expected credit losses written off	50	38
Net movement in allowance for expected credit losses	(35)	(18)
Operating profit before change in assets and liabilities	1,488	4,931
Decrease in trade and other receivables	74	38
Decrease in trade and other payables	(9,017)	(95)
(Decrease)/ increase in contract liabilities	(40)	69
Decrease in tax payables	(1,040)	(2,279)
Net cash flows from operating activities	(8,535)	2,664

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

22 Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities:

	2020 RM 000's	2019 RM 000's
Capital expenditure commitments		
Payable:		
Within 1 year	-	291
Between 1 and 5 years	-	-
More than 5 years	-	-
	<hr/> -	<hr/> 291

23 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

23 Financial risk management (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2020	2019
	RM 000's	RM 000's
Education (Note 6)	277	363
Related parties (Note 6)	26	111
	303	474

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk is managed at group level subject to the Company's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

Notes to the Financial Statements
For the Year Ended 31 December 2020

23 Financial risk management (continued)**(b) Liquidity risk (continued)***Maturity analysis – non-derivative*

	Within 1 year 2020 RM 000's	1 to 5 years 2020 RM 000's	Over 5 years 2020 RM 000's	Total 2020 RM 000's
Financial Assets				
Cash and cash equivalents	6,791	-	-	6,791
Trade and other receivables	467	-	-	467
	7,258	-	-	7,258
Financial Liabilities				
Trade and other payables	5,951	-	-	5,951
Borrowings	-	-	-	-
Lease liabilities	239	49	-	288
Net Exposure	1,068	(49)	-	1,019

	Within 1 year 2019 RM 000's	1 to 5 years 2019 RM 000's	Over 5 years 2019 RM 000's	Total 2019 RM 000's
Financial Assets				
Cash and cash equivalents	16,249	-	-	16,249
Trade and other receivables	682	-	-	682
	16,931	-	-	16,931
Financial Liabilities				
Trade and other payables	15,257	-	-	15,257
Borrowings (Amounts payable to related parties)	-	-	-	-
Lease liabilities	507	433	-	940
Net Exposure	1,167	(433)	-	734

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

(c) Market risk

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on purchases that are denominated in currencies other than the functional currency. Whilst the volume of purchases denominated in foreign currencies is quite small, the primary currency in which these transactions are denominated in, is the Australian Dollar (AUD), the Swiss Franc (CHF) and the Great Britain Pound (GBP).

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

23 Financial risk management (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

At the reporting date, the company's exposure to foreign currency risk based on net carrying amount of financial liabilities are as follows:

	2020	2019
	RM 000's	RM 000's
Other payables		
Denominated in:		
GBP	1,268	1,641
CHF	184	130
Related party payables		
Denominated in:		
AUD	15	-

Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to foreign exchange rate risk.

	Profit/(loss) before tax (decrease)/increase	
	2020	2019
	RM 000's	RM 000's
GBP/RM – strengthened 6% (2019: 6%)	(76)	(98)
GBP/RM – weakened 2% (2019: 2%)	25	33
CHF/RM – strengthened 6% (2019: 6%)	(11)	(8)
CHF/RM – weakened 2% (2019: 2%)	4	3
AUD/RM – strengthened 2% (2019: 2%)	(1)	-
AUD/RM – weakened 2% (2019: 2%)	0	-

(ii) Interest rate risk

The Company's trade receivables are non-interest bearing.

Included in cash and cash equivalents are interest bearing bank balances amounting to RM 6,492,625 (2019: 16,049,346) which earn interest of 0.25% to 1.7% (2019: 0.25% to 2.80%) per annum.

24 Related parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial year are

Datin Teh Geok Lian
Chew Sun Teong
Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

Details of key management personnel compensation are set out in note 19 to the financial statements.

Apart from the details disclosed in note 19, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Non-director related parties

The classes of non-director related parties are:

- Controlling entity of the Company – UOWM Sdn. Bhd.
- Parent of the controlling entity of the Company – UOWGE Ltd
- Ultimate controlling entity of the Company – University of Wollongong

Transactions with related entities

All transactions with non-director related parties are on normal terms and conditions

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

UOWGE Ltd (parent of the controlling entity of the Company) provides management and transitional services to the Company. These services are passed through the Company on commercial terms.

Notes to the Financial Statements
For the Year Ended 31 December 2020

24 Related parties (continued)

(b) Transactions with related parties (continued)

Transactions with related parties (continued)

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are interest free and payable on demand.

The aggregate amounts included in the profit/loss for the financial year that resulted from transactions with non-director related parties are:

	2020 RM 000's	2019 RM 000's
Expenses		
Management fees		
Charged by minority shareholder	-	843
Charged by parent of controlling entity	1,971	681
	<u>1,971</u>	<u>1,524</u>
Fees and Charges		
Interest Expense		
Charged by a former fellow subsidiary	-	223
	<u>-</u>	<u>223</u>
Total expenditure	<u>1,971</u>	<u>1,747</u>

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2020 RM 000's	2019 RM 000's
Current receivables (sales of goods and services)		
Fellow subsidiaries	26	111
	<u>26</u>	<u>111</u>
Current payables		
Fellow subsidiary	58	215
Parent of the controlling entity	15	-
	<u>73</u>	<u>215</u>

25 Subsequent events

The COVID-19 pandemic continues to bring uncertainty. Measures taken by the government to contain the virus continue to affect economic activity and restrictions on international travel are still in place. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

26 Contingent assets and liabilities

There were no contingent assets or liabilities for the Company at 31 December 2020 (2019: nil).

End of audited financial statements

UOW Malaysia KDU College Sdn. Bhd.

Registration No: 200901036828 (879955-T)

Financial Statements

For the Year Ended 31 December 2020

UOW Malaysia KDU College Sdn. Bhd.

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For the Year Ended 31 December 2020

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Directors' Report

The directors of UOW Malaysia KDU College Sdn. Bhd. (the "Company") present their report together with the audited financial statements of the Company for the year ended 31 December 2020.

General information

Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows.

Names

Noel Harold Cornish AM

Marisa Mastroianni

Ng Glok Hong

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

There are no directors who have an interest in the shares of the Company.

Principal activities

The principal activity of the Company is to provide educational services.

Review of operations

The loss for the year to 31 December 2020 was RM 2,193,000 (31 December 2019: profit of RM 17,772,000).

The result for the year reflects lower educational fees from tertiary programmes conducted by the Company due to the Covid-19 pandemic which has severely impacted enrolment. As a response, we have implemented strict cost management control measures to mitigate the impact of lower revenue. Additional student enrolment intakes have also been launched in an effort to supplement the enrolment numbers from the main intakes. The result in the previous financial year includes a one-off gain on disposal of properties of RM 19,644,000.

Dividends

No dividend for the year ended 31 December 2020 has been declared or paid.

In respect of the year ended 31 December 2019 a dividend of RM 10,829,000 was declared and paid on 22 August 2019.

State of affairs

There were no other significant changes in the state of affairs of the Company that occurred during the year ended 31 December 2020.

Environmental regulation

The Company adheres to environmental regulation and standards at each of its operating locations. The Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Events subsequent to reporting date

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Likely developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Company secretary

HMC Corporate Services Sdn. Bhd. has been the legal secretary for the entire year. HMC specializes in company secretarial solutions.

Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the year are:

	Directors' Meetings	
	Number eligible to attend	Number attended
Noel Harold Cornish AM	4	4
Marisa Mastroianni	4	4
Ng Glok Hong	4	4

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officer

The Company under its global insurance arrangements has in place a Management Liability Policy, which is in accordance with the Company's Constitution.

The Company has offered its Directors and CEO, a Deed of Indemnity and Access in accordance with its Constitution.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Management Liability Policy as such disclosure is prohibited under the terms of the contract.

UOW Malaysia KDU College Sdn. Bhd.

Directors' Report

For the Period Ended 31 December 2020

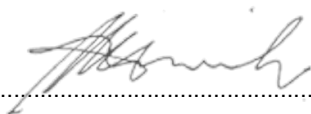
Rounding off


Amounts in the financial statements have been rounded off to the nearest thousand Ringgit Malaysia (RM), or in certain cases, the nearest RM.

Auditors

For Australian reporting compliance, the Auditors are The Audit Office of New South Wales.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong

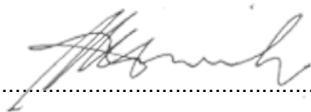
UOW Malaysia KDU College Sdn. Bhd.


**Certificate under the Public Finance and Audit Act 1983
For the Year Ended 31 December 2020**

Pursuant to the requirements of the *Public Finance and Audit Act 1983*, in accordance with a resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU College Sdn. Bhd. as at 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, and the *Public Finance and Audit Regulation 2015*.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong

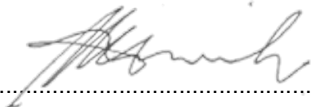
UOW Malaysia KDU College Sdn. Bhd.

**Directors' Declaration
For the Year Ended 31 December 2020**

In accordance with the resolution of the Board of Directors, we declare that in our opinion:

- The accompanying financial statements exhibit a true and fair view of the financial position of UOW Malaysia KDU College Sdn. Bhd. as at the 31 December 2020 and financial performance for the year then ended.
- The financial statements and notes have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board.
- The financial statements are also in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.
- The financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the *Corporations Act 2001*.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the directors:

Director: 
Mr N Cornish AM

Director: 
Ms M Mastroianni

Dated 19 March 2021

Wollongong



INDEPENDENT AUDITOR'S REPORT

UOW Malaysia KDU College Sdn. Bhd.

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UOW Malaysia KDU College Sdn. Bhd. (the Company), which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the:

- Directors' Report
- Certificate under the *Public Finance and Audit Act 1983*
- Directors' Declaration.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 March 2021
SYDNEY

Start of audited financial statements
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2020

		2020 RM 000's	2019 RM 000's
Revenue	2	3,922	5,693
Other income	2	560	21,372
Total revenue and other income		4,482	27,065
Employee related expenses		(4,084)	(4,944)
Depreciation and amortisation expense	3	(219)	(313)
Administration and site expenses		(539)	(1,123)
Marketing expenses		(12)	(172)
Other expenses		(1,767)	(2,188)
Finance costs		(54)	(2)
(Loss)/profit before income tax		(2,193)	18,323
Income tax expense	4	-	(551)
(Loss)/profit after income tax		(2,193)	17,772
Other comprehensive (loss)/income:			
Other comprehensive (loss)/income for the year		-	-
Total comprehensive (loss)/income for the year		(2,193)	17,772

Statement of Financial Position
As At 31 December 2020

	Note	2020 RM 000's	2019 RM 000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,228	1,245
Trade and other receivables	6	1,122	615
TOTAL CURRENT ASSETS		2,350	1,860
NON-CURRENT ASSET			
Property, plant and equipment	7	423	492
TOTAL NON-CURRENT ASSET		423	492
TOTAL ASSETS		2,773	2,352
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	6,444	3,776
Provisions	10	148	106
Contract liability	11	545	641
TOTAL CURRENT LIABILITIES		7,137	4,523
NET ASSETS		(4,364)	(2,171)
EQUITY			
Issued capital	12	5,000	5,000
Accumulated losses	13	(9,364)	(7,171)
TOTAL EQUITY		(4,364)	(2,171)

Statement of Cash Flows
For the Year Ended 31 December 2020

	2020 RM 000's	2019 RM 000's
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers (inclusive of tax)	3,590	7,302
Payments to suppliers and employees (inclusive of tax)	(6,567)	(6,093)
Government grant	200	-
Income taxes paid	-	(443)
Net cash flows (used in) / from operating activities	<u>(2,777)</u>	<u>766</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(150)	(140)
Interest received	6	62
Proceeds from disposal of assets held for sale	-	60,000
Proceeds from disposal of non-current assets	-	4
Net cash flows (used in) / from investing activities	<u>(144)</u>	<u>59,926</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans from related parties	2,904	515
Dividend paid	-	(10,829)
Redemption of Non-cumulative Redeemable Convertible Preference Shares ("NCRCPs")	-	(49,900)
Net cash flows from / (used in) investing activities	<u>2,904</u>	<u>(60,214)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(17)</u>	<u>478</u>
Cash and cash equivalents at beginning of the year	1,245	767
Cash and cash equivalents at end of the year	<u>1,228</u>	<u>1,245</u>

Statement of Changes in Equity
For the Year Ended 31 December 2020

2020

	Issued capital RM 000's	Accumulated losses RM 000's	Total RM 000's
Balance at 1 January 2020	5,000	(7,171)	(2,171)
Loss for the year	-	(2,193)	(2,193)
Balance at 31 December 2020	5,000	(9,364)	(4,364)

2019

	Issued capital RM 000's	NCRCPs RM 000's	Accumulated losses RM 000's	Total RM 000's
Balance at 1 January 2019	5,000	49,900	(14,114)	40,786
Profit for the year	-	-	17,772	17,772
Transactions with owner				
Redemption of NCRCPs	-	(49,900)	-	(49,900)
Dividend paid	-	-	(10,829)	(10,829)
Balance at 31 December 2019	5,000	-	(7,171)	(2,171)

UOW Malaysia KDU College Sdn. Bhd.

Notes to the Financial Statements

For the Year Ended 31 December 2020

The financial report covers UOW Malaysia KDU College Sdn. Bhd. as an individual entity. UOW Malaysia KDU College Sdn. Bhd. is a for-profit private liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan. The principle place of business of the Company is located at Jalan SS22/41, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan.

The functional and presentation currency of UOW Malaysia KDU College Sdn. Bhd. is Ringgit Malaysia.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with the requirements of the Public and Finance and Audit Act 1983, Public Finance and Audit Regulation 2015, applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

For the purpose of financial reporting the Company is a for-profit entity.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The impact of the Coronavirus (COVID-19) pandemic and its impact on the Company's operations has been subject to close consideration in preparing these financial statements. There has been a significant amount of scenario testing and forecasting undertaken to provide comfort that there is no material uncertainty in terms of the Company as a "going concern". Management has determined that the impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The directors consider the going concern basis of preparation to be appropriate based on forecasted cash flows and the letter of support received from UOWGE Ltd (controlling entity of the Parent).

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 19 March 2021.

(b) Statement of compliance

The financial statements are presented in Ringgit Malaysia which is the Company's functional currency and figures are rounded to the nearest thousand Ringgits (RM '000), or in certain cases the nearest Ringgit. The financial statements are prepared on a historical cost basis.

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 1(m).

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1 Summary of Significant Accounting Policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts plus current other financial assets.

(d) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Items of plant and equipment less than RM 1,000 are expensed in the period of acquisition.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within the statement of profit or loss and other comprehensive income.

1 Summary of Significant Accounting Policies (continued)

(e) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

a. Subsequent additional costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense as incurred.

b. Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements up to a maximum life of 20 years.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

c. Depreciation rates

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate %
• Plant and Equipment	10 to 33.33
• Computer Equipment	33.33

d. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(f) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. The calculations are based on undiscounted amounts which include remuneration wage and salary rates that the Company expects to pay as at reporting date including related on costs, such as, superannuation, workers compensation insurance and payroll tax.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contributions plans are recognised as an expense as incurred.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1 Summary of Significant Accounting Policies (continued)

(h) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as discussed below.

To determine whether to recognise revenue, the Company follows the AASB 15 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either over time or at a point in time, as (or when) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sources of income is primarily provided by the individual student or funding from government authorities.

(i) Tuition fees

Tuition fees, are course fees relating to the provision of educational services. The amount of fees vary depending on the course, its duration, and location of delivery. Acceptance of a formal letter of course offering, by the student, explicitly obliges the Company to provide tuition services for the relevant course or courses. The service provided is the delivery of the outlined course, which has been accredited by government authorities. There is no variable consideration or fees charged, depending on prescribed outcomes.

Tuition fees fall within the scope of AASB 15 - Revenue from Contracts with Customers, and are recognised over the period to which the fees and service is provided. AASB 15 requires that revenue should be recognised at the amount to which the Company expects to be entitled, not what the entity expects to receive, in exchange for providing the course delivery to the student. Tuition fees received in advance of a subsequent semester course would be deferred and recognised as revenue in the relevant financial period. The fees and amounts for future course semesters for which course delivery has not been commenced or fully complete are held in the statement of financial position as "Contract Liabilities" – refer note 11.

Contracts with students are structured on a course basis of varying semester and week length duration. The course semester duration is the period over which the revenue is recognised. Expenses that are specific to a contract are recognised as a prepayment and amortised on a basis consistent with the revenue recognition.

Students who advise their non-commencement or non-continuation of a course semester by assigned and disclosed census dates, are eligible for a refund or deferral of their paid course fees. Students are eligible for a refund of any pre-paid tuition fees for future course semesters, at any time.

The Company also generates revenue from the conduct of other educational related activities or fees. These fees also fall within the scope of AASB 15 and are recognised during the duration of the service delivery or at the point of delivery, depending on the activity. Similar to tuition fees above, other fees received in advance of a subsequent school year would be deferred and recognised as revenue in the relevant financial period. These other fees, earned during the current period are disclosed in note 2.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

All revenue is stated net of the amount of value added tax.

Further disclosure on revenue is provided in note 2.

(ii) Rental income

Rental income is recognised on a straight line basis over the term of the lease.

1 Summary of Significant Accounting Policies (continued)

(h) Revenue and other income (continued)

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest rate method.

(iv) Government grants

Government grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless conditions for receiving the grant are met after the related expenses have been recognised. In this case the grant is recognised when it becomes receivable.

(v) Sale of non-current assets

Sales of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(i) Sales Tax

Revenue, expenses and assets are recognised net of the amount of Sales Tax except where the amount of Sales Tax incurred is not recoverable from the taxation authority. In these circumstances the Sales Tax is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of Sales Tax included. The net amount of Sales Tax recoverable from, or payable to, the tax authority is included as a current asset or current liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The Sales Tax component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority is classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of the amount of Sales Tax recoverable from, or payable to, the tax authority.

(j) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in statement of profit or loss and other comprehensive income in the financial year in which the exchange rates change.

(k) Income tax

Income tax arising on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in equity, in which case it is disclosed in other comprehensive income in the statement of profit or loss and other comprehensive income.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

1 Summary of Significant Accounting Policies (continued)

(k) Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(l) Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income.

Impairment losses are recognised in respect of cash generating units are allocated to reduce the carrying amount of assets in the unit on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit").

(m) Critical accounting estimates

The directors evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or other market driven changes.

1 Summary of Significant Accounting Policies (continued)

(m) Critical accounting estimates (continued)

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have a mandatory application date for future reporting periods. The Company has decided against early adoption of these standards. The impact of the standards most relevant to the Company are outlined below:

AASB 17 Insurance Contracts

AASB 17, which will apply from its mandatory adoption date of 1 January 2021, is not expected to have any impact on the Company, as the Company is not in the business of issuing insurance contracts. Early adoption is permitted as the Company has adopted AASB 9, however no such early adoption has occurred.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of any tax, from the proceeds.

(p) Finance income and expense

Finance income consists of interest income. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Finance expenses comprise interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, and finance charges in respect of finance leases.

All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(q) Financial instruments

(i) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss ("FVPL")
- equity instruments at fair value through other comprehensive income ("FVOCI")
- debt instruments at fair value through other comprehensive income ("FVOCI")

1 Summary of Significant Accounting Policies (continued)

(q) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii) Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the asset meets the following conditions (and are not designed as FVPL):

- they are held within a business model whose objective is to hold the financial asset and collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into the category of financial instruments.

Trade receivables and contract assets impairment

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Company reviews amounts that are past and writes off fully any amounts that management believes are unlikely to be recovered.

(iv) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the "expected credit losses (ECL) model". Instruments within the scope of the new requirements includes loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying the forward looking approach, a distinction is made between;

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have an objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognised for the first category while "lifetime expected category losses" are recognised for the second category.

1 Summary of Significant Accounting Policies (continued)

(q) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments.

(v) Financial liabilities

The financial liabilities of the Company comprise of trade and other payables. Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within financial costs or finance income.

(r) Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that person:

- a. has control or joint control of the Company;
- b. has significant influences over the Company; or
- c. is a member of the key management personnel of the Company or of a parent of the Company.

(b) The party is an entity and if any of the following conditions apply:

- a. the entity and the Company are members of the same group;
- b. one entity is associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- c. the entity and the Company are joint ventures of the same party;
- d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- e. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- f. the entity is controlled or jointly controlled by a person identified in (a);
- g. a person identified in (a) (i) has a significant influence over the entity or (ii) is a member of the key management personnel of the entity (or of the parent of the entity);
- h. the entity, or any other member of a group of which it is a part, provides key management personnel services to the Company or to the part of the Company.
- i. Close family members of the family of the person are those family members who may be expected to influence or be influenced by, that person in their dealings with the entity.

UOW Malaysia KDU College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies (continued)

2 Revenue and other income

	2020 RM 000's	2019 RM 000's
Sales revenue		
- Tuition fees	<u>3,922</u>	<u>5,693</u>
Other income		
- Rental revenue	180	1,226
- Interest income	6	62
- Other income	174	440
- Government grant	200	-
- Gain on disposal of properties	<u>-</u>	<u>19,644</u>
Total other income	<u>560</u>	<u>21,372</u>
Total revenue and other income	<u>4,482</u>	<u>27,065</u>
 Timing of revenue recognition		
Revenue recognised over time	3,682	5,351
Revenue recognised at a point in time	<u>240</u>	<u>342</u>
Total sales revenue	<u>3,922</u>	<u>5,693</u>

3 Expenses

The result for the year ended 31 December 2020 includes the following specific expenses

	2020 RM 000's	2019 RM 000's
Depreciation of property, plant and equipment	219	313
Rental expenses relating to short term leases	-	82
Rental expenses relating to low value leases	36	72
Property, plant and equipment written off	-	8
Impairment / (reversal of impairment) of other assets – movement in allowance for expected credit losses	270	(25)

UOW Malaysia KDU College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

4 Income tax expense

	2020 RM000's	2019 RM000's
Malaysian income tax		
Current income tax	-	551
	-	551

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated profit for the year.

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the year ended 31 December 2020 is as follows:

	2020 RM000's	2019 RM000's
(Loss)/profit before tax	(2,193)	18,323
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	(526)	4,398
Expenses not deductible for tax purposes	20	26
Deferred tax assets not recognised	506	290
Effect of income subject to real property gains tax	-	(4,163)
Income tax expense	-	551

Deferred tax assets have not been recognised in respect of the following items:

	2020 RM000's	2019 RM000's
Unused tax losses	7,611	5,683
Unabsorbed capital allowances	3,140	-
Other deductible temporary differences	554	1,797
	11,305	7,480

Deferred tax assets have not been recognised in respect of the above items as it is not probable that the Company will have sufficient future taxable profits available against which the deductible temporary differences can be utilised. The availability of unused tax losses for offsetting against future taxable profits of the Company is subject to no substantial changes in shareholdings of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

UOW Malaysia KDU College Sdn. Bhd.
Notes to the Financial Statements
For the Year Ended 31 December 2020

5 Current assets - Cash and cash equivalents

	2020 RM 000's	2019 RM 000's
Cash at bank and on hand	1,228	1,245
Cash at bank and on hand	1,228	1,245

The maximum exposure to credit risk is the carrying amount of cash and cash equivalents. The Company's exposure to interest rate risk is disclosed in note 18.

6 Current assets - Trade and other receivables

		2020 RM 000's	2019 RM 000's
Current			
Net receivables from related parties	19(b)	9	165
Students		1,091	434
Less: allowance for credit losses (a)		(336)	(82)
		764	517
Other receivables		46	20
Prepayments and deposits		312	78
Total current trade and other receivables		1,122	615

(a) Impaired trade receivables

Trade receivables are non-interest bearing and are generally on 14-30 day terms (2019: 14-30 days).

The ageing analysis of these impaired trade receivables is as follows:

	2020 RM 000's	2019 RM 000's
0 - 30 days	3	1
31 - 60 days	3	1
61 - 90 days	-	3
91+ days	330	77
	336	82

UOW Malaysia KDU College Sdn. Bhd.
Notes to the Financial Statements
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6 Current assets - Trade and other receivables (continued)

(a) Impaired trade receivables (continued)

Allowance for credit loss

Credit losses of RM 271,000 (2019: reversal of credit losses of RM 25,000) have been recognised by the Company for the current year. These amounts have been included in the "other expense" line item on the statement of profit or loss and other comprehensive income. No individual amount within the allowance is material.

	2020	2019
	RM 000's	RM 000's
Movement in allowance account		
At 1 January	82	117
Allowance for / (reversal of) impairment losses	271	(25)
Write off	(17)	(10)
At 31 December	<u>336</u>	<u>82</u>

(b) Past due but not impaired

At 31 December, the ageing analysis of trade receivables is as follows:

	2020	2019
	RM 000's	RM 000's
0 - 30 days	363	434
31 - 60 days	4	18
61 - 90 days	249	2
91+ days	148	63
	<u>764</u>	<u>517</u>

Trade receivables are non-interest bearing and are generally on 14-30 day terms (2019: 14-30 days).

Receivables past due but not considered impaired are RM 764,000 for the Company (2019: RM 517,000). Management have undertaken a review of the current trade receivables listings and in their opinion they expect these receivables will be received.

Other receivables at the previous reporting date included RM 1,000 which was considered impaired. The allowance for credit loss of RM 1,000 had been netted against the other receivables at the previous reporting date and subsequently reversed in the current financial year.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected these other balances will be received when due.

(c) Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. No collateral is held as security.

UOW Malaysia KDU College Sdn. Bhd.
Notes to the Financial Statements
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7 Non-current assets - Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2020

	Plant and equipment	Computer equipment	Total
	RM 000's	RM 000's	RM000's
Year ended 31 December 2020			
Opening net book amount	412	80	492
Additions	39	111	150
Depreciation charge	(172)	(47)	(219)
Balance at 31 December 2020	279	144	423
At 31 December 2020			
Cost	1,535	357	1,892
Accumulated depreciation	(1,256)	(213)	(1,469)
Net book amount	279	144	423

2019

	Plant and equipment	Computer equipment	Total
	RM 000's	RM 000's	RM 000's
Year ended 31 December 2019			
Opening net book amount	611	66	677
Additions	89	51	140
Write offs	(7)	-	(7)
Disposals	(5)	-	(5)
Depreciation charge	(276)	(37)	(313)
Balance at 31 December 2019	412	80	492
At 31 December 2019			
Cost	1,496	246	1,742
Accumulated depreciation	(1,084)	(166)	(1,250)
Net book amount	412	80	492

Notes to the Financial Statements
For the Year Ended 31 December 2020

8 Deferred tax assets

	2020 RM 000's	2019 RM 000's
Presented after appropriate offsetting as follows:		
Deferred tax asset	265	26
Deferred tax liability	(265)	(26)
Balance at 31 December	-	-

	Property, plant and equipment RM 000's	Unabsorbed capital allowances RM 000's	Others RM 000's	Total RM 000's
2020				
At 1 January	(26)	-	26	-
Recognised in income statement	(239)	-	239	-
Balance at 31 December	(265)	-	265	-
2019				
At 1 January	(706)	634	72	-
Recognised in income statement	680	(634)	(46)	-
Balance at 31 December	(26)	-	26	-

9 Current liabilities – Trade and other payables

	Note	2020 RM 000's	2019 RM 000's
Current			
Related party payables	19(b)	3,259	515
Non-trade payables and accruals		3,185	3,261
Balance at 31 December		6,444	3,776

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Included in related party payables is an amount due to an entity owned by the controlling entity as at the reporting date of RM 3,254,000 (2019: nil) which bears interest at 6.39% (2019: nil) and an amount due to the parent of the controlling entity as at the previous reporting date (RM 515,000) which bore interest at 5.50%. Further information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 18.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

10 Current liabilities – Provisions

Current

	2020	2019
	RM 000's	RM 000's
Provision for annual leave	148	106
	148	106

The current provision includes nil (2019: nil) annual leave entitlements accrued but not expected to be taken within 12 months.

11 Current liabilities - Contract liability

	2020	2019
	RM 000's	RM 000's
Contract income and amounts received in advance	545	641

12 Issued capital

(a) Ordinary shares

	2020	2019	2020	2019
	No.	No.	RM	RM
At the beginning and end of the reporting year	5,000,000	5,000,000	5,000,500	5,000,500

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Capital management

When managing capital, the Board of Directors' objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to its shareholder. The Board of Directors has no current plans to issue further shares to its shareholder. The Company currently manages issued capital of RM 5,000,500.

The Company is not subject to any externally imposed capital requirements.

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

13 Accumulated losses

	2020	2019
	RM 000's	RM 000's
Balance at 1 January	(7,171)	(14,114)
(Loss)/profit for the year	(2,193)	17,772
Dividend paid	-	(10,829)
Balance at 31 December	(9,364)	(7,171)

14 Dividends

No dividend for the financial year ended 31 December 2020 has been declared or paid.

In respect of the year ended 31 December 2019 a dividend of RM 10,829,000 was declared and paid on 22 August 2019.

15 Auditors remuneration

	2020	2019
	RM 000's	RM 000's
Auditors of the company		
The Audit Office of New South Wales – Audit of the Australian financial statements	4	4
Grant Thornton – Audit of the Malaysian financial statements	8	8
Total remuneration for audit and other assurance services	12	12

16 Key management personnel disclosures

The following were key management personnel of the Company at any time during the reporting year and unless otherwise indicated were key management personnel for the entire year:

Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

(a) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	2020	2019
	RM	RM
Short-term employment benefits	58,204	20,400
Contribution to defined contribution plan	6,102	2,160
	64,306	22,560

(b) Loans to key management personnel

No loans have been made to directors and other key management personnel of the Company, including their personally related parties.

Notes to the Financial Statements
For the Year Ended 31 December 2020

17 Statement of cash flow reconciliation**(a) Reconciliation to cash and cash equivalents at 31 December 2020**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts plus held-to-maturity investments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	2020 RM 000's	2019 RM 000's
As per the Statement of Financial Position			
Cash and cash equivalents	5	1,228	1,245
Total as per the Statement of Cash Flows		<u>1,228</u>	<u>1,245</u>

(b)

(Loss) / profit for the year after income tax	(2,193)	17,772
---	---------	--------

Adjustments for:

Depreciation and amortization expense	219	313
Finance cost	54	2
Impairment / (reversal of impairment) of other assets	271	(25)
Property, plant and equipment written off	-	8
Net gain on disposal of non-current assets	-	(19,644)
Unrealised foreign exchange (gains) / losses	(12)	22
Interest income	(6)	(62)
Operating loss before changes in assets and liabilities	<u>(1,667)</u>	<u>(1,614)</u>
(Increase)/ decrease in trade and other receivables	(777)	2,485
Decrease in trade and other payables	(279)	(420)
Increase/ (decrease) in other provisions	42	(12)
(Increase)/ decrease in contract liabilities	(96)	219
Decrease in provision for income tax receivable	-	108
Net cash flows (used in) / from operating activities	<u>(2,777)</u>	<u>766</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

18 Financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables, and trade and other payables.

The Company has exposure to the following risks from the use of the above financial instruments: credit risk, liquidity risk and market risk (which includes both interest rate risk and foreign currency risk).

This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors of UOWGE Ltd has overall responsibility for the establishment and oversight of the risk management framework of UOWGE Ltd and companies in which UOWGE Ltd has controlling interest, including the Company. This Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management policies of the Company. The Committee reports regularly to the Board of Directors of UOWGE Ltd on its activities.

Risk Management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Company's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risk exposures and responses

(a) Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party. The carrying amount of the Company's financial assets represents the maximum credit exposure. Exposure at reporting date is addressed in each applicable note to the financial statements.

The Company trades with students and other educational organisations and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

Receivables balances are monitored on an ongoing basis with the result that the Company's history of bad debts is not significant. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. An impairment analysis is performed annually at each reporting date on an individual basis.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2020	2019
	RM 000's	RM 000's
Education	1,091	434
Related parties	9	165
	1,100	599

Financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk is managed at group level subject to the Company's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Notes to the Financial Statements
For the Year Ended 31 December 2020

18 Financial risk management (continued)**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Company regularly monitors rolling forecasts of liquidity reserves on the basis of expected cash inflows and cash outflows.

The following liquidity risk disclosures reflect all contractually fixed payments from recognised financial liabilities as at reporting date. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. Financial assets are considered and disclosed in the Company's overall liquidity risk. The Company ensures that sufficient liquid assets are available to meet all short term cash outflows.

The risk implied from the values shown in the tables following reflects a balanced view of cash inflows and outflows of financial assets and liabilities.

Maturity analysis – non-derivative

	Within 1 year 2020 RM 000's	1 to 5 years 2020 RM 000's	Over 5 years 2020 RM 000's	Total 2020 RM 000's
Financial Assets				
Cash and cash equivalents	1,228	-	-	1,228
Trade and other receivables	810	-	-	810
	2,038	-	-	2,038
Financial Liabilities				
Trade and other payables	(6,444)	-	-	(6,444)
Net Exposure	(4,406)	-	-	(4,406)
	Within 1 year 2019 RM 000's	1 to 5 years 2019 RM 000's	Over 5 years 2019 RM 000's	Total 2019 RM 000's
Financial Assets				
Cash and cash equivalents	1,245	-	-	1,245
Trade and other receivables	537	-	-	537
	1,782	-	-	1,782
Financial Liabilities				
Trade and other payables	3,776	-	-	3,776
Net Exposure	(1,994)	-	-	(1,994)

The amounts presented in the above table comprise the contractual undiscounted cash flows, and therefore will not always agree with the amounts presented in the statement of financial position. For estimated interest rate cash flows, interest rates applicable as at the reporting date have been used.

Notes to the Financial Statements
For the Year Ended 31 December 2020

18 Financial risk management (continued)**(c) Market risk**

Market risk is the risk that changes in market prices, specifically foreign currency risk and interest rate risk will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Company is exposed to currency risks on purchases that are denominated in currencies other than the functional currency. Whilst the volume of purchases denominated in foreign currencies is quite small, the primary currency in which these transactions are denominated in, is the Australian Dollar (AUD) and the Great Britain Pound (GBP).

The Company does not currently use any hedging instruments when dealing with foreign currency.

In respect of current financial assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

At the reporting date, the company's exposure to foreign currency risk based on net carrying amount of financial assets and financial liabilities are as follows:

	2020 RM 000's	2019 RM 000's
Cash and cash equivalents		
Denominated in:		
GBP	1	4
Other payables		
Denominated in:		
GBP	(372)	(330)
Related party payables		
Denominated in:		
AUD	(5)	(515)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to foreign exchange rate risk.

	(Loss) / profit before tax increase / (decrease)	
	2020	2019
	RM 000's	RM 000's
GBP/RM – strengthened 6% (2019: 6%)	22	(20)
GBP/RM – weakened 1% (2019: 1%)	(4)	3
AUD/RM – strengthened 5% (2019: 5%)	-	(16)
AUD/RM – weakened 5% (2019: 5%)	-	16

18 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

The Company's trade receivables are non-interest bearing.

Included in cash and cash equivalents are interest bearing bank balances amounting to RM 980,000 (2019: RM 773,000) which earn interest of 1.28% to 1.48% (2019: 1.28% to 1.48%) per annum.

19 Related parties

(a) Transactions with key management personnel

The names of each person holding the position of director of the Company during the financial year are

Noel Harold Cornish AM
Marisa Mastroianni
Ng Glok Hong

Details of key management personnel compensation are set out in note 16 to the financial statements.

Apart from the details disclosed in note 16, no director has entered into a contract with the Company since the end of the previous financial year and there were no contracts involving directors' interests at year end.

(b) Transactions with related parties

Non-director related parties

The classes of non-director related parties are:

- Controlling entity of the Company – UOWM Sdn. Bhd.
- Parent of the controlling entity of the Company – UOWGE Ltd
- Ultimate controlling entity of the Company – University of Wollongong

Transactions with related entities

All transactions with non-director related parties are on normal terms and conditions

Trade debtors are settled on normal 30 day terms. All debtors are considered recoverable with no allowance for impairment being created. Loans to non-director related parties are non-interest bearing and repayable at call.

UOWGE Ltd (parent of the controlling entity of the Company) provides management and transitional services to the Company. These services are passed through the Company on commercial terms.

Notes to the Financial Statements
For the Year Ended 31 December 2020

19 Related parties (continued)**(b) Transactions with related parties (continued)***Transactions with related entities (continued)*

All transactions with related parties are on normal terms and conditions. Receivables for and payables to related parties are non-trade in nature, unsecured, non-interest bearing and repayable on demand other than amount due to an entity owned by the controlling entity as at the reporting date of RM 3,254,000 (2019: nil) which bears interest at 6.39% (2019: nil) and amount due to the parent of the controlling entity as at the previous reporting date which bore interest at 5.50%.

The aggregate amounts included in the (loss)/profit for the financial year that resulted from transactions with non-director related parties are:

	2020 RM 000's	2019 RM 000's
Other income		
Interest income from an entity owned by the minority shareholder	-	54
Total other income	<u>-</u>	<u>54</u>
Expenses		
Management fees		
Charged by minority shareholder	-	276
Charged by parent of controlling entity	<u>483</u>	<u>152</u>
	483	428
Fees and Charges		
Rent		
Rent paid to an entity owned by the minority shareholder	-	31
Interest Expense		
Charged by parent of the controlling entity	3	2
Charged by an entity owned by the controlling entity	<u>51</u>	<u>-</u>
Total expenditure	<u>537</u>	<u>461</u>

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2020 RM 000's	2019 RM 000's
Current receivables (sales of goods and services)		
Entity owned by the controlling entity	<u>9</u>	<u>165</u>
	9	165
Current payables		
Parent of the controlling entity	5	515
Entity owned by the controlling entity	<u>3,254</u>	<u>-</u>
	<u>3,259</u>	<u>515</u>

20 Subsequent events

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our staff and students. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our staff and students. Management has determined that the continued expected impacts of COVID-19 do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

21 Contingent assets and liabilities

There were no contingent assets or liabilities for the Company at 31 December 2020 (2019: nil).

End of audited financial statements

UOW Pulse Limited

Financial Statements

For the Year Ended 31 December 2020

UOW Pulse Limited

ABN: 28 915 832 337

Financial Statements

For the Year Ended 31 December 2020

DIRECTOR'S DECLARATION

In the opinion of the Directors' of UOW Pulse Ltd ("the Company"):

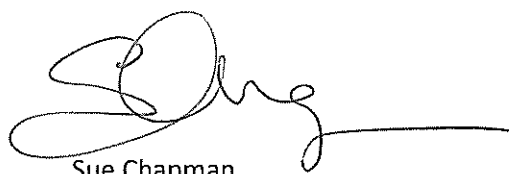
1. The financial statements and notes, are in accordance with the provisions of the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*, including:
 - (a) Giving a true and fair view of the financial position of the Company as at 31 December 2020 and of their performance, as represented by the results of its operations and their cash flows, for the year ended on that date; and
 - (b) Complying with Australian Accounting Standards and the Corporations Regulations 2001;and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

We are not aware of any circumstances that would render any particulars included in the financial reports to be misleading or inaccurate.

Dated at Wollongong, 13 April 2021.

Signed in accordance with a resolution of the Directors.

SIGNATURES:



Sue Chapman

Chair of the UOW Pulse Ltd Board



Alf Maccioni

Chief Executive Officer



To the Directors

UOW Pulse Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of UOW Pulse Limited for the year ended 31 December 2020, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "D. Ryan".

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

13 April 2021
SYDNEY



INDEPENDENT AUDITOR'S REPORT

UOW Pulse Limited

To Members of the New South Wales Parliament and Members of UOW Pulse Limited

Opinion

I have audited the accompanying financial statements of UOW Pulse Limited (the Company), which comprise the Directors' Declaration, the Statement of Comprehensive Income for the year ended 31 December 2020, the Statement of Financial Position as at 31 December 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the year ended on that date
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 13 April 2021, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Company's annual report for the year ended 31 December 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Director's Report and the draft Annual Report endorsed by the Company's Board of Directors.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in cursive script, appearing to read 'D. Ryan'.

Dominika Ryan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

16 April 2021
SYDNEY

Statement of Comprehensive Income

For the Year Ended 31 December 2020

		2020	2019
	Note	\$	\$
Revenue from continuing operations	3	22,722,235	29,153,785
(Loss)/gain on disposal of assets	4	(1,679)	(62,046)
Raw materials and consumables used		(2,263,956)	(5,139,072)
Employee related expenses	5(a)	(14,245,153)	(15,184,827)
Depreciation and amortisation expense	5(b)	(2,419,266)	(1,313,696)
Other expenses	5(c)	(3,601,094)	(6,034,988)
Finance costs		(3,348)	(10,990)
Operating results before income tax		187,739	1,408,166
Income tax expense	1(d)	-	-
Operating results for the year		187,739	1,408,166
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		187,739	1,408,166

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 31 December 2020

	Note	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	8,821,448	4,291,578
Trade and other receivables	7	1,930,789	4,561,290
Inventories	8	562,859	955,298
Other non-financial assets	9	226,247	269,442
Total current assets		11,541,343	10,077,608
Non current assets			
Property, plant and equipment	10	29,913,022	31,830,572
Intangible assets	11	62,620	48,483
Total non current assets		29,975,642	31,879,055
Total assets		41,516,985	41,956,663
LIABILITIES			
Current liabilities			
Trade and other payables	12	6,032,895	6,417,466
Provisions	14	1,385,644	1,520,003
Other current liabilities	15	2,556,058	1,288,155
Total current liabilities		9,974,597	9,225,624
Non current liabilities			
Provisions	14	284,340	284,372
Other non current liabilities	15	21,750,098	23,126,456
Total non current liabilities		22,034,438	23,410,828
Total liabilities		32,009,035	32,636,452
Net assets		9,507,950	9,320,211
EQUITY			
Retained earnings	16	9,507,950	9,320,211
Total equity		9,507,950	9,320,211

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2020

2020

	Note	Retained Earnings \$
Balance at 1 January 2020	16	9,320,211
Surplus for the period		187,739
Other Comprehensive income		-
Total comprehensive income for the year	16	187,739
Balance at 31 December 2020		<u>9,507,950</u>

2019

	Note	Retained Earnings \$
Balance at 1 January 2019	16	9,590,778
Correction of prior period error		(1,678,733)
Restated Balance at 1 January 2019	16	7,912,045
Surplus for the period		1,408,166
Other Comprehensive income		-
Total comprehensive income for the year	16	<u>1,408,166</u>
Balance at 31 December 2019		<u>9,320,211</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		26,933,008	29,875,304
Payments to suppliers and employees		(20,284,314)	(25,680,598)
Interest received		34,123	69,482
Interest paid		(3,348)	(10,990)
Lease payments for leases of low-value assets		(83,441)	(95,456)
Net cash flows from operating activities	25	6,596,028	4,157,742
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment		(176,900)	(481,215)
Purchases of intangibles		(43,334)	(19,250)
Net cash in investing activities		(220,234)	(500,465)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Short -term lease payments		(1,699,150)	(1,999,150)
Repayment of borrowings		(146,774)	(166,837)
Net cash in financing activities		(1,845,924)	(2,165,987)
Net increase in cash and cash equivalents held		4,529,870	1,491,290
Cash and cash equivalents at beginning of year		4,291,578	2,800,288
Cash and cash equivalents at the end of the year	6	8,821,448	4,291,578

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

UOW Pulse Limited (the "Company") is a company limited by guarantee incorporated and domiciled in Australia. If the Company is wound up, each 'member' is liable to contribute a maximum of \$1.00 towards the costs, charges and expenses of winding up the Company and payment of debts and liabilities of the Company. The address of the Company's registered office is Northfields Avenue, North Wollongong NSW 2500.

The ultimate parent of the entity is the University of Wollongong Consolidated Entity.

The financial statement covers UOW Pulse Limited for the year ended 31 December 2020.

The nature of the operations and principal activities of the Company are providing services primarily to students including childcare, entertainment, student engagement activities, retail and food, sporting, leisure, recreation and health and fitness.

(a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards (which includes Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board, the *Public Finance and Audit Act 1983* and the *Corporations Act 2001*.

These statements were authorised for issue on the 13th of April, 2021.

The financial statements are presented in Australian dollars.

Compliance with Australian Charities and Not-for-profit Commission

The financial statement have been prepared in accordance with the *Australian Charities and Not-for-profits Commissions Act 2012*.

Compliance with IFRS

The financial statements of the Company do not comply with IFRS because the Company has adopted the not for profit requirements of the Australian Accounting Standards which are inconsistent with IFRS requirements.

Historical cost convention

The financial statements have been prepared under the historical cost convention except that the liability for long service leave is adjusted to net present value. Right of use assets are measured at the value of the lease liability at present value adjusted for lease payments before inception.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) *Sale of goods and rendering of services*

Revenue arises mainly from the provision of goods and services by the Company to customers located on the campuses of the University of Wollongong.

To determine whether to recognise revenue, the Company follows the 5-step process within AASB 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from the sale of goods and services is recognised when the Company satisfies a performance obligation by transferring a promised good or service to a customer.

The Company generates most of its revenue from the provision of goods and services to Childcare Centres, Sports Facilities and Services, Tenanted Facilities and Retail operations.

(ii) *Lease income*

Lease income from operating leases is recognised as income on a straight line basis over the lease term.

(iii) *Interest income*

Interest income is recognised in the Statement of Comprehensive Income as it accrues.

(iv) *Grants and contributions*

An assessment is made to determine if the Company has an unmet performance obligation at the time of gaining control of the grant or contribution, and if so then a liability is recognised until the obligation is met. Alternatively, the grant or contribution will be recognised as income upon control of the contribution. Control is normally obtained upon the receipt of cash.

(c) Interest costs

Interest costs comprise interest payable on borrowings, which is recognised in the statement of comprehensive income as it accrues.

(d) Income tax

The operations of the Company are exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

As of the 3rd of April 2020, the operations of the Company are exempt from payroll tax under Section 48(2) of the *NSW Payroll Tax Act 2007*, resulting from the change to the Company's constitution.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities in the statement of financial position.

(g) Trade and other receivables

Trade and other receivables are recognised at the original invoice amount as this is not materially different to amortised cost, given the short term nature of these receivables. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are expected to be uncollectible are written off.

For trade receivables and other, the Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The amount of the provision is recognised in the statement of comprehensive income. Debt forgiveness is recognised as the amount receivable as at the time the debt is forgiven.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated selling costs.

(i) Investments and other financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset.
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(j) Property, plant and equipment

(i) Owned Assets

Property, plant and equipment is stated at historical cost less depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Generally property, plant and equipment and intangible assets with a greater value than \$5,000 are capitalised except for computer equipment which is normally capitalised irrespective of the \$5,000 threshold where it is considered to be part of a network of assets. Other property, plant and equipment items will be capitalised if they are individually less than \$5,000 in value only if they collectively with other items exceed \$5,000 combined and form one asset item.

Depreciation is calculated on a straight line basis over the estimated useful life of the specific assets as follows:

	2020	2019
Building improvements	5 - 10 years	5 - 10 years
Plant and equipment	3 - 10 years	3 - 10 years
Computer equipment	3 - 5 years	3 - 5 years
Motor vehicles	5 - 10 years	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

ii) Right of Use Assets

Right of use assets are measured at the value of the lease liability at present value adjusted for lease payments before inception. The right of use assets are recognised over the term of their respective leases:

	2020	2019
Buildings	20 years	20 years
Leased finance assets	4 years	4 years

(k) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Computer Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

(iii) Leasehold Improvements

The University as the parent entity holds legal title over all land and buildings the University and its subsidiaries (including the Company) occupy. Over time the Company has made improvements to buildings the Company occupied belonging to the Parent entity. The company recognises the expenditure as "Leasehold Improvements" effectively a right to use intangible assets and amortises the expense annually.

The Company pays rent to the Parent entity for use of its buildings. The Company has full ownership and control of these improvements, whilst the Parent retains ownership of the base assets.

	2020	2019
Leasehold Improvements	30 - 40 years	30 - 40 years

(l) Trade and other payables

Trade and other payables are stated at cost, which is considered to approximate amortised cost due to their short term nature and are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date and does not expect to settle the liability for at least 12 months after the reporting date.

(n) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The pre tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

(o) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries (including non monetary benefits) and annual leave that are due to be settled within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled. Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non current liability.

Long term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government securities at reporting date which most closely match the terms of maturity of the related liabilities. Leave is charged to the provision at the time leave is taken. The provision for long service leave for the year ended 31 December 2020 was assessed by management in accordance with guidelines recommended by PricewaterhouseCoopers. The assumptions used to calculate the long service leave provision include:

- Salary inflation rate per annum: 3% (2019: 3%)
- Discount rate: 0.10% (2019: 1.04%)
- Proportion of leave taken in service: 34% (2019: 34%)

(iii) Superannuation entitlements

Contributions to employee superannuation funds are charged against income as incurred. The Company is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) New accounting standards and interpretations

The following standard has been issued for the 31 December 2020 reporting period. The assessment and impact of the new standard and interpretation is set out below:

Notes to the Financial Statements

For the Year Ended 31 December 2020

1 Summary of Significant Accounting Policies

Standard	Application Date	Implications
AASB 1059 Service Concession Arrangements: Grantors	1 January 2020	No material impact

The Company's assessment of the impact of this new standard and interpretation is that it has not materially affect any of the amounts recognised in the financial statements or significantly impact the disclosures in the financial statement or significantly impact the disclosures in relation to the Company.

2 Financial risk management objectives and policies

The Company's principal financial instruments comprise cash, investments, receivables, payables and borrowings.

The Company manages its exposure to the following financial risks, including credit risk, liquidity risk and market risk relating to interest rate and equity risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Risk Management and Compliance Committee, which is responsible for developing and monitoring risk management policies. The Committee reports to the Board on its activities.

(a) Credit risk

Credit risk refers to the risk that indebted counter parties will default on their contractual obligations, resulting in financial loss to the Company. Credit risk is monitored on an ongoing basis. The majority of the Company's business is conducted by cash or EFTPOS, and consequently the level of credit risk is low. In addition, the majority of trade and other debtors are with related entities. The Company does not require collateral in respect of financial assets. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 7.

Investments are allowed only in liquid securities. All funds invested are invested with the National Australia Bank.

The weighted average interest rate on interest earned by the Company is 0.29% (2019: 0.92%).

At reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk by class of recognised financial assets is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Details with respect to credit risk of trade and other receivables are provided in Note 7.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Financial risk management objectives and policies

(b) Liquidity risk

contractual maturities for all non derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of each reporting period.

31 December 2020

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate \$	Non Interest \$	Less than 1 Year \$	1 to 5 Years \$	5+ Years \$	Total \$
Financial assets								
Cash and cash equivalents	0.29	8,821,448	-	-	8,821,448	-	-	8,821,448
Receivables	-	-	-	1,930,789	1,930,789	-	-	1,930,789
Other financial assets	0.75	-	120,000	-	120,000	-	-	120,000
Total Financial assets		8,821,448	120,000	1,930,789	10,872,237	-	-	10,872,237
Financial liabilities								
Payables	-	-	-	5,605,128	5,605,128	-	-	5,605,128
Lease liability	4.97	-	4,776	-	4,776	-	-	4,776
Total financial liabilities	-	-	4,776	5,605,128	5,609,904	-	-	5,609,904

31 December 2019

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate \$	Non Interest \$	Less than 1 Year \$	1 to 5 Years \$	5+ Years \$	Total \$
Financial assets								
Cash and cash equivalents	0.92	4,291,578	-	-	4,291,578	-	-	4,291,578
Receivables	-	-	-	4,561,290	4,561,290	-	-	4,561,290
Other financial assets	1.60	-	120,000	-	120,000	-	-	120,000
Total Financial assets		4,291,578	120,000	4,561,290	8,972,868	-	-	8,972,868
Financial liabilities								
Payables	-	-	-	5,838,058	5,838,058	-	-	5,838,058
Lease liability	4.49	-	135,728	-	135,728	-	-	135,728
Lease liability	4.97	-	15,823	-	11,049	4,774	-	15,823
Total Financial liabilities	-	-	151,551	5,838,058	5,984,835	4,774	-	5,989,609

(c) Market risk

(i) Foreign currency risk

The Company's only exposure to foreign currency risk is in relation to purchases of UniShop stock from overseas. These purchases are normally each less than \$1,000 and in total are not material to the operations of UniShop as an individual business unit or to the Company. Sale price of these goods is set after the goods are paid for, thus the Australian Dollar amount is known, effectively passing on any foreign exchange cost or benefit to the customer.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Financial risk management objectives and policies

(ii) Price risk

The Company and the parent entity maybe exposed to equity securities price risk. This arises from investments that may be held by the Company and classified on the statement of financial position as fair value through profit or loss. At reporting date, the value of the securities was nil (2019: \$nil). The Company is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, investments held by the Company are diversified.

(iii) Cash flow and fair value interest rate risk

Interest Rate Risk is limited to interest on the balance of the National Australia Bank accounts, shown as cash and cash equivalents in Note 6. The forecast at the end of 2020 is an increase or decrease of 1% based on the current Reserve Bank of Australia cash rate of 0.10%. The Company's trade and other receivables are non interest bearing and all related party loans and receivables are interest free. Interest rates on Commercial Hire Purchase finance are fixed at the time of drawdown of each individual loan within the umbrella facility. The Company's trade and other payables are non interest bearing.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and price risk.

31 December 2020

	Carrying amount \$	Interest rate risk				Price risk			
		-1%		+1%		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
Financial assets									
Cash and Cash Equivalents	8,821,448	(88,214)	(88,214)	88,214	88,214	-	-	-	-
Accounts receivable	1,930,789	-	-	-	-	-	-	-	-
Financial liabilities									
Trade payables	5,605,128	-	-	-	-	-	-	-	-
Current borrowings	4,776	-	-	-	-	-	-	-	-
Other financial liabilities	14,707	-	-	-	-	-	-	-	-
Total increase/(decrease)		(88,214)	(88,214)	88,214	88,214	-	-	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2020

31 December 2019

Financial assets

Cash and Cash Equivalents - Deposits at call

Accounts receivable

Financial liabilities

Trade payables

Current borrowings

Non-current borrowings

Other financial liabilities

Total increase/(decrease)

Carrying amount \$	Interest rate risk				Price risk			
	-1%		+1%		-1%		+1%	
	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$	Profit \$	Equity \$
4,291,578	(42,916)	(42,916)	42,916	42,916	-	-	-	-
4,561,290	-	-	-	-	-	-	-	-
5,838,058	-	-	-	-	-	-	-	-
146,774	-	-	-	-	-	-	-	-
4,769	-	-	-	-	-	-	-	-
14,105	-	-	-	-	-	-	-	-
	(42,916)	(42,916)	42,916	42,916	-	-	-	-

3 Revenue

(a) From continuing operations

	2020 \$	2019 \$
Sales revenue		
- Sale of goods	3,959,662	10,295,113
- Provision of services	9,356,275	11,745,842
	13,315,937	22,040,955
Other revenue		
- UOW Contribution	2,799,150	2,799,150
- Rental income	858,590	1,655,649
- UOW payroll tax contribution	-	2,401,799
- Kids Uni Grant from UOW	185,000	185,000
- Interest	34,123	69,482
- Other income	-	1,750
- JobKeeper Payment Federal Government	5,529,435	-
	9,406,298	7,112,830
	22,722,235	29,153,785

(b) Disaggregation of sales revenue from contracts with customers

The Company's performance obligations relate to retail operations, event management, child care, tenancy and sports & leisure. These performance obligations occur either immediately at the time of purchase or have an original expected duration of no longer than the current financial year. Revenue relating to these performance obligations is recognised at a point in time.

Revenue from contracts has been disaggregated between the following categories: sports & leisure, event management, tenancy, child care, UOW and grants.

Notes to the Financial Statements

For the Year Ended 31 December 2020

3 Revenue

(b) Disaggregation of sales revenue from contracts with customers

	2020						
	Sources of funding						
Revenue and Income Streams	Event Management	Sport and Leisure	Tenancy	Child Care	Grants	UOW	Total
	\$	\$	\$	\$	\$	\$	\$
Fees and charges							
Events sales	423,742	-	-	-	-	-	423,742
Rent	-	-	858,590	-	-	-	858,590
Child Care fees	-	-	-	6,685,613	-	-	6,685,613
Child Care grant	-	-	-	-	185,000	-	185,000
Gym Membership fees	-	2,080,916	-	-	-	-	2,080,916
Contribution	-	-	-	-	-	2,898,441	2,898,441
Total Fees and charges	423,742	2,080,916	858,590	6,685,613	185,000	2,898,441	13,132,302

	2019						
	Sources of funding						
Revenue and Income Streams	Event Management	Sport and Leisure	Tenancy	Child Care	Grants	UOW	Total
	\$	\$	\$	\$	\$	\$	\$
Fees and charges							
Events sales	1,623,946	-	-	-	-	-	1,623,946
Rent	-	-	1,655,649	-	-	-	1,655,649
Child Care fees	-	-	-	5,718,817	-	-	5,718,817
Child Care grant	-	-	-	-	225,828	-	225,828
Gym Membership fees	-	3,261,869	-	-	-	-	3,261,869
Contribution	-	-	-	-	-	3,144,745	3,144,745
Total course fees and charges	1,623,946	3,261,869	1,655,649	5,718,817	225,828	3,144,745	15,630,854

4 Loss on disposal of assets

	2020	2019
	\$	\$
Loss on disposal of assets	(1,679)	(62,046)
	(1,679)	(62,046)

5 Expenses

(a) Employee benefits expense

	2020	2019
	\$	\$
Wages and salaries	11,982,468	11,830,657
Payroll tax	192,516	810,862
Annual leave, long service leave & workers insurance expense	1,008,461	1,289,611
Superannuation expense	1,021,415	1,145,318
Other employee benefits	40,293	108,379
	14,245,153	15,184,827

Notes to the Financial Statements

For the Year Ended 31 December 2020

5 Expenses

Superannuation

The Company makes contributions to various third party defined contribution superannuation funds. Contributions are included in the income statement as employee benefit expense, as outlined in Note 5a. The Company does not contribute to, or have any connection with, any defined benefit superannuation funds.

(b) Depreciation and Amortisation

	2020 \$	2019 \$
Depreciation		
Building improvements	288,465	256,090
Depreciation - motor vehicles	-	1,394
Leased plant & equipment	123,353	161,235
Plant and equipment	208,706	259,778
Computer equipment	18,662	21,105
Leasehold Improvements	531,893	531,893
Lease Depreciation	1,218,990	72,323
Total Depreciation	2,390,069	1,303,818
Amortisation		
Computer software	29,197	9,878
Total amortisation	29,197	9,878
Total depreciation and amortisation	2,419,266	1,313,696

(c) Other Expenses

	2020 \$	2019 \$
Consultant fees	151,221	189,798
Maintenance	208,548	449,348
Advertising & Promotional	35,142	90,857
Computer rental	95,158	88,573
Auditor's remuneration - audit of financial statements	73,450	73,450
Security	32,064	85,923
Activity Expenses	8,412	196,541
Cleaning	54,755	99,954
Kids Uni Catering	91,588	122,607
Bank charges	62,993	128,935
Laundry	47,816	74,999
Nappy Services	32,915	40,617
Waste disposal	96,278	171,742
Small Equipment	-	68,003
Legal expenses	33,342	40,217
Materials and Consumables	-	93,574
Evening Entertainment	38,800	43,855

Notes to the Financial Statements

For the Year Ended 31 December 2020

5 Expenses

(c) Other Expenses	2020	2019
	\$	\$
Lunch Entertainment	337,743	278,992
Electricity Expenses	170,475	211,139
Gas Charges	108,367	148,657
UOW Rent	-	1,601,391
Lease Interest Expenses (ROA)	866,154	50,678
UniLife Promotion	8,819	168,933
General expense	-	296,353
Evening Sound	57,271	273,428
Computer software	90,613	72,051
Staff training	31,205	68,857
Bad debt expenses	96,545	46,340
Customer transaction fee	76,669	61,153
Printing	46,014	44,905
Promotional resources	217,279	15,620
Rental external	68,499	50,079
Subscriptions	54,337	53,493
Other	308,622	533,926
	3,601,094	6,034,988

6 Current assets - Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	8,821,448	4,291,578

7 Current assets - Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	2,039,573	4,606,885
Provision for impairment	(a) (108,784)	(45,595)
Sub - Total	1,930,789	4,561,290
Total current trade and other receivables	1,930,789	4,561,290

(a) Impaired trade receivables

As at 31 December 2020 current trade receivables of the Company with a nominal value of \$1,007,000 (2019: \$641,359) were past due. Of this past due amount, \$108,784 (2019: \$45,595) was considered impaired and provided for. The individually impaired receivables mainly relate to Childrens Service, Events, UniActive, Tenancy and Unishop customers, who are in unexpectedly difficult economic situations.

Notes to the Financial Statements

For the Year Ended 31 December 2020

7 Current assets - Trade and other receivables

(a) Impaired trade receivables

Movements in the provision for impairment of receivables are as follows:

	2020	2019
	\$	\$
At 1 January	(45,595)	(3,393)
Provision for impairment recognised during the year	(94,703)	(42,202)
Receivables written off during the year as uncollectible	31,514	-
At 31 December	(108,784)	(45,595)

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

Information about the Company's exposure to credit risk, foreign currency and interest rate risk is provided in Note 2.

	Trade receivables		
	Days Past due		
	30-90 days	91-180 days	>180 days
2020			
Expected credit loss rate	0.56 %	4.24 %	69.92 %
Estimated total gross carrying amount at default	427,964	338,627	131,625
Expected credit loss	2,407	14,348	92,028
2019			
Expected credit loss rate	0.45 %	3.39 %	55.93 %
Estimated total gross carrying amount at default	273,632	258,482	63,651
Expected credit loss	1,231	8,762	35,602

As of 31 December 2020, trade receivables of \$898,216 (2019: \$595,764) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Notes to the Financial Statements

For the Year Ended 31 December 2020

	2020	2019
	\$	\$
1 to 3 months	427,964	273,632
3 to 6 months	338,627	258,482
Over 6 months	131,625	63,650
At 31 December	898,216	595,764

8 Current assets - Inventories

	2020	2019
	\$	\$
Inventories - at cost	562,859	955,298
	562,859	955,298

Write downs of inventories to net realisable value recognised as an expense during the year ended 31 December 2020 amounted to \$25,874 (2019: \$30,457). The expense has been included in 'raw materials and consumables used' in profit or loss.

9 Current Assets - Other non-financial assets

	2020	2019
	\$	\$
Bank Guarantee	120,000	120,000
Prepayments	106,247	149,442
	226,247	269,442

Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Non current assets - Property, plant and equipment

	2020 \$	2019 \$
Building improvements		
Cost	4,096,811	4,203,084
Accumulated depreciation	(3,178,908)	(3,133,675)
Total building improvements	<u>917,903</u>	<u>1,069,409</u>
Leased plant and equipment		
Plant and equipment		
Cost	2,850,504	2,910,633
Accumulated depreciation	(2,507,704)	(2,397,389)
Total plant and equipment	<u>342,800</u>	<u>513,244</u>
Motor vehicles		
Cost	63,495	63,495
Accumulated depreciation	(63,495)	(63,495)
Total motor vehicles	<u>-</u>	<u>-</u>
Computer equipment		
Cost	196,240	204,376
Accumulated depreciation	(155,124)	(144,597)
Total computer equipment	<u>41,116</u>	<u>59,779</u>
Leasehold Improvements		
Cost	17,290,265	17,290,265
Accumulated depreciation	(11,702,793)	(11,170,901)
Total improvements	<u>5,587,472</u>	<u>6,119,364</u>
Right-of-use assets		
Cost	25,141,631	24,848,703
Accumulated depreciation	(2,117,900)	(779,927)
Total Right-of-use assets	<u>23,023,731</u>	<u>24,068,776</u>
Total property, plant and equipment	<u><u>29,913,022</u></u>	<u><u>31,830,572</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Non current assets - Property, plant and equipment

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Building improvements \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Leasehold improvements \$	Right of Use Assets (ROA) \$	Total \$
Year ended at 31 December 2020							
Balance at the beginning of year	1,069,409	513,244	-	59,779	6,119,364	24,068,776	31,830,572
Addition	136,959	39,941	-	-	-	297,298	474,198
Disposals - written down value	-	(1,679)	-	-	-	-	(1,679)
Depreciation expense	(288,465)	(208,706)	-	(18,663)	(531,893)	(1,342,343)	(2,390,070)
Year ended at 31 December 2020	917,903	342,800	-	41,116	5,587,472	23,023,731	29,913,022
Year ended at 31 December 2019							
Balance at the beginning of year	900,725	847,070	1,394	81,042	6,651,256	287,662	8,769,149
Addition	456,819	24,395	-	-	-	24,014,673	24,495,887
Disposals - written down value	(32,045)	(23,443)	-	(158)	-	-	(55,646)
WIP write-off	-	(75,000)	-	-	-	-	(75,000)
Depreciation expense	(256,090)	(259,778)	(1,394)	(21,105)	(531,893)	(233,558)	(1,303,818)
Year ended at 31 December 2019	1,069,409	513,244	-	59,779	6,119,364	24,068,776	31,830,572

Notes to the Financial Statements

For the Year Ended 31 December 2020

10 Non current assets - Property, plant and equipment

(b) Right-of-use assets

Information about leases where UOW Pulse Limited is a lessee is presented below:

	2020 \$	2019 \$
Right-of-use assets		
Buildings		
At 1 January 2020	23,942,350	-
Additions of right-of-use assets	297,298	24,014,673
Depreciation charge	(1,218,990)	(72,323)
At 31 December 2020	23,020,658	23,942,350
	2020 \$	2019 \$
Right-of-use assets		
Plant and Equipment		
At 1 January 2020	126,427	287,662
Depreciation charge	(123,354)	(161,235)
At 31 December 2020	3,073	126,427
Total right-of-use assets	23,023,731	24,068,776

11 Non current assets - Intangible Assets

	2020 \$	2019 \$
Computer software		
Cost	124,635	81,301
Accumulated amortisation and impairment	(78,347)	(49,150)
Net carrying value	46,288	32,151
Goodwill		
Cost	216,792	216,792
Accumulated impairment	(200,460)	(200,460)
Net carrying value	16,332	16,332
Total Intangibles	62,620	48,483

Notes to the Financial Statements

For the Year Ended 31 December 2020

11 Non current assets - Intangible Assets

(a) Movements in Carrying Amounts

	Computer software \$	Goodwill \$	Total \$
Year ended 31 December 2020			
Net carrying amount at start of year	32,151	16,332	48,483
Additions	43,334	-	43,334
Amortisation	(29,197)	-	(29,197)
Closing value at 31 December 2020	46,288	16,332	62,620
Year ended 31 December 2019			
Net carrying amount at start of year	29,179	16,332	45,511
Reclassification to Leasehold Improvements	-	-	-
Additions	19,250	-	19,250
Disposals	(6,400)	-	(6,400)
Amortisation	(9,878)	-	(9,878)
Closing value at 31 December 2019	32,151	16,332	48,483

12 Current liabilities - Trade and other payables

	2020 \$	2019 \$
Sundry creditors	85,723	317,099
GST payable	427,767	579,406
Accrued expenses	5,519,405	5,520,961
Total Trade and other payables	6,032,895	6,417,466

13 Lessee

Amounts recognised in the income statement

	2020 \$	2019 \$
Interest on lease liabilities	(869,444)	(61,668)
Income from sub-leasing right of use assets	858,590	1,655,649
Expenses relating to short-term leases	-	(1,601,391)
Expenses relating to leases of low-value assets, excluding short term leases of low-value assets	(83,441)	(88,574)
Depreciation of right-of-use assets	(1,218,095)	(233,558)
	(1,312,390)	(329,542)

Notes to the Financial Statements

For the Year Ended 31 December 2020

13 Lessee

Maturity analysis - undiscounted contractual cash flows

	2020	2019
	\$	\$
Less than one year	1,720,275	1,849,271
One to five years	6,881,100	6,801,427
More than 5 years	23,984,875	25,389,491
Total undiscounted lease payments receivable	32,586,250	34,040,189
Lease liabilities recognised in the statement of financial position	23,411,396	24,119,134
Current	1,661,298	992,677
Non-current	21,750,098	23,126,456

Amounts recognised in statement of cash flows

	2020	2019
	\$	\$
Total cash outflow for leases	1,932,712	2,265,552

Leases recognised in accordance with AASB 16 Leases are categorised as either Building or Leased Financial Assets:

(i) Buildings

The lease recognised in Buildings relates to the Funding and Service Agreement which provide the Company with a right to use and occupy space within buildings owned by the Parent. This agreement commenced in 2019 and is for a term of 20 years. There are no options to renew the agreement by the Company. The rent paid to the Parent is a fixed payment per annum.

(ii) Leased Financial Assets

The lease recognised in Leased Financial Assets relates to gymnasium equipment. The lease has a term of 4 years and expires in 2021. The lease includes a payment schedule, which includes both fixed and interest payments over the term of the lease.

14 Provisions

(a) Current liabilities

	2020	2019
	\$	\$
Employee benefits - long service leave	678,312	885,113
Employee benefits - annual leave	707,332	634,890
Total current provisions	1,385,644	1,520,003

Notes to the Financial Statements

For the Year Ended 31 December 2020

14 Provisions

(b) Non current liabilities

	2020	2019
	\$	\$
Employee benefits - long service leave	284,340	284,372
Total Non current provisions	284,340	284,372

The current provision for long service leave and annual leave includes all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current. Based on past experience, the Company does not expect all employees to take the full amount of accrued current long service leave and annual leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2020	2019
	\$	\$
Long service leave obligation expected to be settled after 12 months	515,118	824,307
Annual leave obligation expected to be settled after 12 months	112,917	95,693

Expense recognised in the Statement of Comprehensive Income

Movements in provisions for annual leave and long service leave are included in the profit or loss as employee benefits expense, as outlined in Note 5a.

15 Other Current liabilities

	2020	2019
	\$	\$
Deposits held	14,707	14,105
Current Lease Liability	1,666,066	992,677
Income in advance	875,285	281,373
	2,556,058	1,288,155

	2020	2019
	\$	\$
Non-current Lease Liability	21,750,098	23,126,456
Total non-current liabilities	21,750,098	23,126,456

16 Retained Earnings

	2020	Restated 2019
	\$	\$
Balance 1 January	9,320,211	7,912,045
Operating Result for the year	187,739	1,408,166
Retained earnings at 31 December	9,507,950	9,320,211

Notes to the Financial Statements

For the Year Ended 31 December 2020

17 Key Management Personnel Disclosures

(a) Directors

The following persons were directors of UOW Pulse Limited during the financial year:

(i) Chair

Sue Chapman

(ii) Executive Directors

Jo Fisher
Kathleen Packer
Matthew Wright

(iii) Non-executive Directors

Paul Ell
Shiva Gopalan
Christine O'Toole
Keval Patel (Commenced: 16/04/2020)
James Pearson

Aside from the remuneration for services rendered as an employee of the Company disclosed in Note 17(b) no Director has entered into any other material contract with the Company since the end of the previous financial year.

No remuneration was paid to Directors during the year in their roles as Directors.

(b) Remuneration of Executive Officers

The totals of remuneration paid to the key management personnel of UOW Pulse Limited during the year are as follows:

	2020	2019
	\$	\$
Remuneration payments made to Executive Officers		
Short term employee benefits	736,723	729,644
Post-employment benefits	64,264	70,687
Total Remuneration	800,987	800,331

18 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company:

	2020	2019
	\$	\$
Audit Office of NSW		
Auditors remuneration	73,450	73,450

Notes to the Financial Statements

For the Year Ended 31 December 2020

19 Commitments

(a) Lease commitments

(i) *Operating lease commitments*

Future Non Cancellable Operating Lease Rentals of Plant and Equipment

The Company has entered into a commercial lease for computer equipment. The computer equipment lease is for three years. There are no restrictions placed upon the lessee by entering into these leases. The GST component of operating lease commitments for the year 2020 is \$8,344 (2019: \$9,546)

	2020	2019
	\$	\$
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:		
Within one year	63,097	60,959
Later than one year but not later than five years	50,720	35,432
Total Operating lease commitments	113,817	96,391

(ii) *Operating lease commitments receivable*

The Company has entered into commercial property leases for office space and food outlets.

These non cancellable leases have remaining terms of between one and five years. Leases are based on net sales and/or fixed amounts with a clause included to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The future minimum lease payments receivable under non cancellable operating leases in the aggregate and for each of the following periods are:

	2020	2019
	\$	\$
Receivable - minimum lease payments:		
Within one year	721,400	997,553
Later than one year but not later than five years	1,136,788	1,837,257
	1,858,188	2,834,810

Several tenants annual rent is based on a percentage of their turnover for the year. Contingent rent of \$92,991 including GST (2019: \$460,474) was received by the Company in the period. The total GST component of operating lease commitments receivable for the year 2020 is \$85,859 (2019: \$257,710)

(iii) *Hire purchase commitments*

The Commercial Hire Purchase Liability is an umbrella facility of up to \$1,270,000 that the Company can draw on for the purchase of equipment. It is renewable every 12 months. Interest is payable on each drawdown within the facility

Notes to the Financial Statements

For the Year Ended 31 December 2020

19 Commitments

at the market rate prevailing at the time of the drawdown. As at 31 December 2020 the unused portion of the facility was \$1,265,224 (2019: \$1,118,448) and the portion of the facility in use was \$4,776 (2019:\$151,552).

(b) Capital commitments

The Company has a contractual obligation to purchase within the next 12 months, \$54,448 of plant and equipment at reporting date (2019: \$28,362).

(c) Finance Lease Commitments

	Note	2020 \$	2019 \$
Commitments in relation to finance lease are payable as follows:			
Within one year		4,835	150,121
Later than five years		-	4,827
Total		4,835	154,948
Less: Future lease finance charges		(59)	(3,407)
Recognised as a liability		4,776	151,541

20 Related Parties

(a) Directors' Transactions with UOW Pulse Limited

From time to time Directors of related parties or their Director related entities may purchase goods or services from UOW Pulse Limited. These purchases are on the same terms and conditions as those entered into by the employees of UOW Pulse Limited, or customers and are trivial or domestic in nature.

Aside from the remuneration for services rendered as an employee of the Company disclosed in Note 17(b) no Director has entered into any other material contract with the Company since the end of the previous financial year.

Notes to the Financial Statements

For the Year Ended 31 December 2020

20 Related Parties

(b) Transactions with related parties

UOW Pulse Limited has a related party relationship with the following entities:

The University of Wollongong (Ultimate Controlling Entity)

UOW Global Enterprises and its controlled entities (UOWC Ltd and the Community College of City University Ltd)

Transactions with the controlling entity The University of Wollongong were as follows:

	2020	2019
	\$	\$
Sales of goods and services		
- Sales	4,270,269	6,252,792
- UOW payroll tax contribution	-	2,401,799
- Commissions	25,903	41,469
- Grants for specific purposes	185,000	185,000
Total	4,481,172	8,881,060

	2020	2019
	\$	\$
Purchases of goods		
- Goods and services	2,708,609	2,910,144

From time to time Related Parties of the University of Wollongong, including UOW Global Enterprises and its controlled entities (UOWC Ltd and the Community College of City University Ltd) may enter into transactions with the Controlled Entity. These transactions are on the same terms and conditions as those entered into by the Company's employees or customers.

(c) Outstanding balances arising from sales/purchases of goods and services

	2020	2019
<i>Current receivables (sales of goods and services)</i>		
Trade receivables	1,251,605	4,143,355
<i>Current payables (purchases of goods)</i>		
Trade creditors	2,207,866	1,939,391

21 Economic dependency

The Company's trading activities do not depend on a major customer or supplier. However, the Company is economically dependent on the continued existence of the University of Wollongong.

Notes to the Financial Statements

For the Year Ended 31 December 2020

22 Impact of Coronavirus (COVID-19)

Coronavirus (COVID-19) has had a material impact on the Company and has subsequently impacted the following components of the financial statements: revenue, impairment of debt, raw materials and consumables, cash and cash equivalents, receivables, inventories and related party transactions.

Revenue reduced by \$6,431,550 during the year, which is attributed to Coronavirus and the subsequent reduction in the sale of goods and services. Revenue impacted by Coronavirus was material in the following units: Retail Operations, Tenancy and Sports and Leisure. Revenue reduced to \$22,722,235, which includes the receipt of the JobKeeper Payments totalling \$5,529,435. Revenue also included other receipts from the Federal Government relating to Coronavirus including the Child Care Relief Package & Transition Payment \$1,169,112 and the Cashflow Boost payment \$75,000.

Coronavirus also impacted Related Party Transactions through reduced sales of goods and services to the University of Wollongong totalling \$4,399,888. This represents a reduction of 50%.

The provision for the impairment of trade receivables during the year increased from \$45,595 to \$108,784 relating to customers who were in difficult economic situations.

The reduction in revenue had a flow on impact with material reductions in Raw Materials and Consumable Used in addition to Inventory held at the end of the financial year.

Employee Related Expenses includes the payment of JobKeeper Payments to employees totalling \$5,529,435.

23 Events Occurring After the Reporting Date

Whilst the first reporting of Coronavirus (COVID-19) occurred in December 2019, there have been outbreaks of the virus during the year.

Since 31 December 2020, there have been further outbreaks of coronavirus (COVID-19) in certain areas within New South Wales and neighbouring states. This resulted in lockdowns of certain geographical areas, changes to social distancing regulations, mandatory wearing of face masks in certain situations and the closure of borders and/or restrictions in place regarding border crossing.

Although the Coronavirus existed at 31 December 2020, the severity of the virus and the responses to the outbreak which may impact the Company's operations arose after the reporting period, as such the outbreak is a non-adjusting event for the reporting period ending 31 December 2020 and no adjustment will be made to the amounts recognised in the 31 December 2020 financial statements.

The full extent of the impact of the Coronavirus on the Company is unknown and as such an estimate of the financial effect cannot be made.

24 Contingencies

There were no known contingent assets or liabilities existing at reporting date (nil at 31/12/2019).

Notes to the Financial Statements

For the Year Ended 31 December 2020

25 Reconciliation of Operating Results After Income Tax to Net Cash Flows From Operating Activities

	2020	2019
	\$	\$
Operating result for the year	187,739	1,408,166
Non-cash flows in profit:		
Amortisation	29,197	9,878
Depreciation	2,390,069	1,303,818
ROU lease rent	845,029	(47,081)
WIP write off	-	75,000
Net (gain)/loss on sale of non current assets	1,679	62,046
Changes in assets and liabilities		
(Increase)/decrease in trade debtors	2,567,312	1,602,633
Decrease/(increase) in prepayments	43,195	(77,629)
(Increase)/decrease in inventories	392,439	322,014
(Increase)/decrease in allowance for impairment	63,189	42,202
(Decrease)/increase in income in advance	593,912	(14,109)
Increase/(decrease) in trade creditors/accruals	(383,943)	(2,603,930)
Increase/(decrease) in other operating liabilities	602	282
Increase/(decrease) in other provisions	(134,391)	75,302
Net cash inflow/(outflow) from operating activities	6,596,028	2,158,592

END OF AUDITED FINANCIAL REPORT.

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#ThisIsUOW

WRITTEN ENQUIRIES

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